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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

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10 July 1984

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## USSR-WORLD TRADE

### PATOLICHEV ON GREATER ROLE OF FOREIGN TRADE IN USSR ECONOMY

Moscow SOVIET UNION in English No 6, Jun 84 p 4-

[Foreign Trade Minister Nikolai Patolichev interview with SOVIET UNION magazine; date not given]

[Text]

**Correspondent:** Last year crisis upheavals in the capitalist economy had a negative effect on the trade possibilities of many countries. The situation was also complicated by various types of sanctions imposed by the administration of the United States and its NATO partners in trade with the socialist states. In this context Western experts predicted tough times for our foreign trade. Hence my first question—about Soviet foreign trade in 1983.

**Patolichev:** 1983 was a rather difficult year for us. You have already mentioned some of the reasons; I would also add the worsening of the market situation in the capitalist countries for our main export items.

However, we worked despite the gloomy forecasts. What we were able to accomplish is shown by the chief indicator—volume of foreign trade turnover—127,500 million rubles last year. By way of comparison, in 1982 the volume of the country's foreign trade turnover amounted to 119,500 million rubles. To put it more explicitly, every day we bought and sold on foreign markets merchandise worth a total of 400 million rubles.

Soviet foreign trade is developing far ahead of the plan targets for the 11th five-year plan period. Statistically, for the first three years of the period (1981-1983) the foreign trade volume grew at an average of 10 per cent against a planned target of 4.1 per cent.

As in past years, our main trading partners were the socialist countries, the mutual turnover with which topped 71,000 million rubles.

Despite the pressure exerted on its partners by the US administration, our trade with the industrial capitalist countries did not decrease (38,400 million rubles against 37,700 million in

1982). Although trade declined somewhat with the United States and Japan, it increased with France, West Germany, Great Britain, Austria and other countries.

Our trade with the developing countries is steady, amounting to 17,700 million rubles last year against 16,900 million the year before.

**Correspondent:** But commodity turnover growth volume is probably not an end in itself. The aim of our foreign trade, as you have mentioned on a number of occasions, lies in actively furthering the development of the country's productive forces....

**Patolichev:** Plus in accelerating scientific and technological progress and heightening the efficacy of social production. I will remind you that the material contribution of foreign trade to the development of the Soviet economy is becoming more and more weighty from one five-year plan period to the next. During the first three years of the current period the national economy received through imports approximately 58,000 million rubles' worth of various types of machinery. This makes it possible to expand production capacities considerably. Last year we commissioned some 120 sets of imported equipment and a series of large facilities and shops with the use of foreign technology. Despite all attempts by the Reagan administration to block the construction of the Urangoi-Pomary-Uzhgorod export gas pipeline, 3,000 million rubles' worth of various equipment was imported for it alone.

To implement the Food Programme and further the development of agriculture we are purchasing on foreign markets farm machinery, processing equipment, mineral fertilisers, chemical preparations, seeds and planting

materials, pedigree cattle and much else.

Almost 7,000 million rubles' worth of consumer goods—clothing, fabrics, footwear, furniture, kitchenware, drugs and the like—was purchased.

**Correspondent:** Imperative for the growth of foreign trade in the complex international situation is a strong base, and above all a mighty economic potential that would make it possible to form new possibilities for expanding export and import....

**Patolichev:** We have such a base. In planning foreign trade operations, we proceed from the possibilities of further economic growth and consideration of the actual conditions of the foreign market and a number of other factors. Centralised planning of foreign trade makes it possible to coordinate the development of the economy and foreign trade into a single process. On the one hand, economic growth expands the base for foreign trade, and, on the other, the development of foreign trade contributes to the further consolidation of the country's economy. Foreign trade has become a major artery in the economic organism of our state: it is hard to find a branch which is not bound up in one way or another today with foreign trade, which has not received effective assistance from and practical help in its development.

Soviet export is becoming more and more industrialised with each coming year. Aside from raw materials, the Soviet Union puts on the international market many finished and semi-finished goods. Among the output being exported we are increasing the quantity of machinery, home appliances and many products of the petrochemical and chemical industries, ferrous and non-ferrous metallurgy and other industries, which embody the skilled labour of Soviet workers, engineers and scientists. The mining and production of such export items as oil, natural gas, coal, iron ore, timber, textile raw materials and much else have now been put on a high industrial footing in this country. All these commodities are the product of highly developed industrial labour based on modern, advanced engineering.

There is still another important feature of our exports—thousands of enterprises from all the constituent and autonomous republics are active in our foreign trade ties. They deliver a wide variety of local commodities to the foreign market.

Such is our export base. If we examine the volume and structure of present-day import it, as I have already pointed out, contributes not only to the accelerated development of productive

forces, but also to a fuller satisfaction of the consumer needs.

**Correspondent:** The large proportion of agricultural items in our imports has given rise to hints in the foreign press of the USSR's "special interests" in international trade....

**Patolichev:** Like foam on a fast-flowing river, fabrications are hatched with any big commodity flow. As far as I know, the growth figures for agricultural production in the USSR have already been printed in Soviet Union magazine, so I won't go into them here. Like any other country, the Soviet Union develops foreign trade above all in the interests of its people, to improve their economic and material status. This is what I have to say regarding "special interests". The strategy of our foreign trade relations is geared first and foremost to strengthening the socialist community, furthering the development of the emergent states, upholding the principles of peaceful coexistence and formalising detente in relations with the capitalist countries. Herein lie our "special interests".

At present the Soviet Union trades with 143 countries. With 116 of them economic relations are regulated by intergovernmental treaties and agreements. The Soviet Union cooperates most closely with the member countries of the Council for Mutual Economic Assistance. This collaboration is proceeding within the framework of the consistent process of economic cohesion based on the long-term Comprehensive Programme of Socialist Economic Integration.

We are supportive of the just demands of the developing countries that international economic relations be restructured on an equitable basis.

We advocate the development of mutually beneficial trade contacts with the capitalist states in Europe, as the geographical proximity of these countries from the Soviet Union and the complementarity of the economies of the USSR and a number of West European countries objectively contribute to the concurrence of trade interests and further the development of traditional business ties which, incidentally, develop, as a rule, on a long-term basis under the supervision of bilateral commissions for economic, scientific and technological cooperation.

**Correspondent:** The New York Times has described the US administration's policy as an economic and technological war declared against the USSR.

**Patolichev:** Even considering the Western press' penchant for strong comparisons, one cannot admit that such a characterisation largely reflects

the stand of certain circles in the United States—a country which could become one of our big trade partners. Unfortunately, the unconcealed desire to undermine the Soviet economy last year, too, was one of the mainsprings of American foreign policy.

I have said "unfortunately" not because the state of trade relations with the United States can somehow affect our lives. If it does not want to trade with us, so be it. This has already happened. We developed our economy without trading with the United States, and have not done badly at that, but the disrupting of mutually beneficial economic ties and the undermining of the atmosphere of trust so needed in the business world cannot be a one-way process. Economic cooperation must develop normally only on the basis of trust and equality, of the sides' strict honouring of their commitments, and of a constructive, businesslike approach to any problems that may arise. For us these principles have always been and will continue to be an unshakable principle, a code of foreign trade relations, if you will.

The climate of trust, like an item made of cut-glass, is hard to make but easy to break. With this in mind, we constantly keep the doors open to all who are prepared to hold a businesslike dialogue. We respect and are supportive of American firms which strive to develop normal relations with our foreign trade organisations. Aside from the commercial interests, we are convinced along with them that the desire for a constructive approach in foreign economic ties definitely predominates over calculations alien to honest trade.

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## USSR-WORLD TRADE

### COMPOSITION OF USSR-WORLD TRADE FOR 1983 ANALYZED

Moscow FOREIGN TRADE in English No 5, May 84 pp 9-17

[Article by Vasili Kochek, member of the board, head of the Main Planning and Economic Department, Ministry of Foreign Trade of the USSR; honored economist of the RSFSR: "Soviet Foreign Trade in 1983"]

[Text]

Last year the planned persistent work of Soviet people was marked by new successes with the country moving in the main directions of communist construction. Efforts were continued on carrying out the important tasks set by the 26th Party Congress and the November 1982 and July 1983 Plenary Meetings of the CPSU Central Committee. As a result of the measures implemented by the Party's Central Committee for perfecting the style of leadership and strengthening discipline and organization, the year 1983 saw an improvement in practically all indicators of the country's economic development.

There was a rise in the rates of economic growth. The volume of industrial output increased four per cent. About nine-tenths of this increment was due to higher labour productivity. The key branches of industry made a great step forward, the extraction rate of oil and gas continued to rise. Outstripping growth rates were observed in the manufacture of products pertinent to scientific and technical progress: industrial robots, programme-controlled metal-cutting machine tools, computers, machines and equipment with improved techno-economic characteristics. Measures were continued to transfer to complex mechanization and automation of technological processes. Our industry introduced into production about 3,500 new types of high-efficiency equipment.

Workers in the agro-industrial complex were persistently implementing the Food Programme and achieved a five per cent increase in agricultural output. The quantities of grain, potatoes, sugar-beet, meat and poultry, milk, eggs and other farm produce were higher than in 1982. There was a rise in the real earnings of the population.

The steady growth of the Soviet economy acted as a base for implementing the Soviet foreign economic policy aimed at expanding the country's mutually advantageous and equal business cooperation with other states.

Relative to 1982, the total volume of Soviet foreign trade went up by 6.6 per cent, and was worth 127,500 million rubles.

Quite dynamic were the USSR's trade and economic relations with the other socialist countries and the developing world. At the same time the militarist hysteria and the escalation of the show of strength and confrontation policy in international relations, caused by the actions of aggressive circles in the USA and some of its allies, had a destabilizing effect on our trade and economic relations with a number of industrial capitalist countries following blindly the US policy of sanctions. Nevertheless the attempts to undermine mutually advantageous cooperation between East and West failed as our trade with this group of countries continued to develop.

In 1983 the Soviet Union traded with 144 countries, its commercial and economic relations with 116 of these were founded on intergovernmental agreements on trade, economic and industrial cooperation.

**Soviet Foreign Trade Turnover**  
(<sup>'000</sup> mln rubles)

	1982	1983
Total		
turnover	119.6	127.5
exports	63.2	67.9
imports	56.4	59.6
Socialist countries		
turnover	65.0	71.4
exports	34.2	37.7
imports	30.8	33.7
including:		
CMEA member-countries		
turnover	58.7	65.3
exports	31.2	34.5
imports	27.5	30.8
Industrial capitalist countries		
turnover	37.7	38.4
exports	18.8	19.7
imports	18.9	18.7
Developing countries		
turnover	16.9	17.7
exports	10.2	10.5
imports	6.7	7.2

\* \* \*

The general line of Soviet foreign trade policy is directed at developing all-round economic cooperation with the socialist countries on the basis of mutual advantage and socialist internationalism. The USSR

views this cooperation as an important factor conducive to economic and social progress in each of these countries and to the solution of current economic and social problems.

The tasks set by the parties of the socialist countries to ensure their steady economic and social development can, as was noted at the 37th CMEA Session (Berlin, October 1983), be more effectively fulfilled the closer is the cooperation with the USSR and the other socialist countries.

Last year in the economic policy of the socialist countries the accent was on the solution of a series of important macroeconomic problems; among these a leading place was held by the problem of switching the economies to intensive development successful solution of which presupposes considerable changes in the economic management mechanism as well as in the sector structure and technical base of the socialist countries' economies.

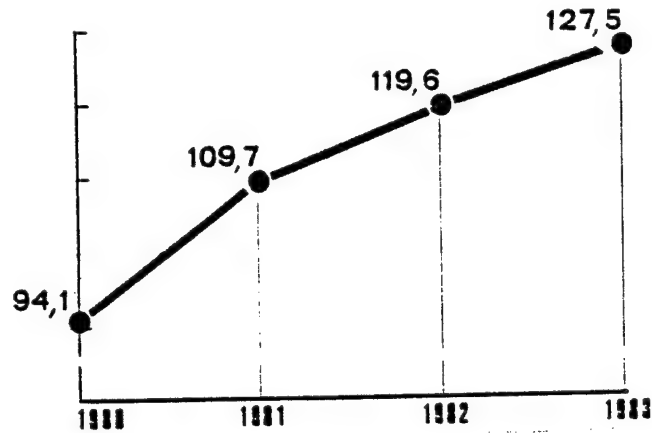
To achieve these multifaceted objectives the countries of the socialist community specify and coordinate the structural policy and strategy of the growth of each country and saturate their economic reforms with elements having a direct influence on the mutual economic cooperation of these countries and making them interested in it. In the long term this should assist the convergence of the structure of their economic mechanism and the search for additional possibilities that can expand the socialist countries' industrial, scientific and technical cooperation.

Our trade with the socialist countries in 1983 continued to show high growth rates, amounting to 71,400 million rubles, a 9.9 per cent increase compared with 1982.

The share of the socialist countries in Soviet foreign trade rose from 54.3 per cent in 1982 to 56.0 per cent last year.

The USSR has very close and most diversified relations of trade, economic, scientific and technical long-term cooperation with the CMEA member-states. Measured against 1982 its trade with this group of countries rose 11.2 per cent to 65,300 million rubles.

#### Dynamics of Soviet Trade with Foreign Countries



In 1983 they accounted for 51.2 per cent of Soviet foreign trade; in 1982 it was 49.1 per cent.

In its relations with the CMEA members the USSR paid special attention to integration measures. As pointed out at the June 1983 Plenary Meeting of the CPSU Central Committee, the Soviet Union is working to attain a qualitatively new level of economic integration, which will in the future become ever more profound, all-embracing, efficient and will reliably strengthen the national economies of the member-countries.

Last year balanced efforts were continued to implement the Comprehensive Programme of socialist economic integration and the long-term specific programmes of cooperation in the major spheres of material production, as well as the programmes for the development of specialization and cooperation in production for the period up to 1990. Work was also in progress on completing the Coordinated Plan of Multilateral Integration Measures for 1981-1985.

Under these programmes specific measures were taken to solve important economic problems in the fields of power engineering, fuel and raw materials, mechanical engineering, transport, consumer goods and food production. In 1983, for instance, the USSR signed new and prolonged previously signed agreements on specialization and cooperation in mechanizing loading and unloading operations and in

# **Soviet Trade with Socialist Countries**

(mln rubles)

	1982	1983
CMEA member-states	58,702.3	65,257.0
Bulgaria	9,172.7	10,564.1
Hungary	7,453.6	8,065.0
Vietnam	1,010.7	1,139.0
GDR	12,195.8	13,393.5
Cuba	5,840.5	6,093.2
Mongolia	1,232.7	1,344.3
Poland	8,909.9	10,061.0
Romania	3,107.0	3,304.9
Czechoslovakia	9,779.4	11,292.0
Other socialist countries	6,249.7	6,148.9
Yugoslavia	5,279.0	4,995.5
China	223.5	488.2
Korean People's Democratic Republic	681.0	587.4
Laos	66.2	77.8

manufacturing programme-controlled robots, automatic telemechanics and communication means for railways, technical rubber articles, machines and equipment for geological prospecting, programme-controlled metalworking machine tools, refrigerating equipment.

Further progress has been made in the development of such a promising form of bilateral and multilateral cooperation as the construction on Soviet territory of various economic projects with the participation of interested CMEA members. In 1983 agreements were signed on cooperation in building the Krivoi Rog mining and ore-dressing complex (with the participation of Czechoslovakia, the GDR and Poland), a central base in the town of Uzhgorod for repairing gas-compressor equipment (with Czechoslovakia's participation), and several others.

Much attention is devoted to trade, economic, scientific and technical cooperation in fuel-and-energy. Shipments of Soviet energy materials to socialist countries help develop not only individual industries, but also produce a positive effect on the economic structures of these countries. Through the use of Soviet gas, for instance, the CMEA countries can concentrate on the modernization and accelerated development of



their metallurgical, cement, ceramic and chemical industries. Provision is made for greater production of polymers, synthetic fibres, nitrogenous fertilizers and other chemical products.

Additional sources of energy supply were created to improve the fuel-and-energy balance and the power-generating base of the socialist countries. In the USSR construction was in progress of the South Ukrainian atomic power station with the shared participation of Romanian organizations, and of the Khmel'nitsky atomic power station with the participation of Hungary, Poland and Czechoslovakia.

Cooperation is growing in the production of goods for the agro-industrial complex. To improve food supplies for the population the CMEA countries approved at the 37th CMEA Session a complex of measures for cooperation in this area, in this way supplementing the previously adopted Long-term specific programme of cooperation in agriculture and the food industry.

On the basis of this programme steps were taken to make fuller use of all the possibilities of specialization, cooperation and integration in the agro-industrial sphere of the CMEA members. In the Soviet Union two poultry breeding farms were built with Hungarian assistance (each producing 400,000 hens for the food table) and two broiler farms (10.3 million broilers a year each).

The USSR's trade and economic relations with the CMEA members have entered a new stage. N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, in his statement at the 37th CMEA Session noted: "Not only the growth of volumes is important, but also the profound qualitative improvement of our interaction. It should be ever more subordinated to the solution of such common problems as technical re-equipment of production, rational utilization of resources, development and application of new machinery and materials, raising of the quality of output up to the level of world standards..."

To encourage this kind of cooperation measures are being taken in the USSR to extend the rights and raise the interest of sector ministries and economic organizations.

At present the CMEA members are coordinating their economic development plans for 1986-1990, and this on the basis of a thorough analysis of the real possibilities and requirements of each country.

\* \* \*

The Soviet Union is invariably pursuing a policy aimed at expanding its economic relations with those capitalist countries interested in cooperating on an equal and mutually advantageous basis, which are not trying to use these contacts as a means of political pressure. The differences in social systems should not be an obstacle to reciprocal honest cooperation with all countries. This position of the Soviet Union is seen in the USSR Supreme Soviet's decision on the International Situation and Soviet Foreign Policy, passed in December 1983. The USSR's supreme organ of power solemnly declared about the desire of our country to live in peace with all nations. The principle of peaceful coexistence was reaffirmed at the extraordinary Plenary Meeting of the CPSU Central Committee in February 1984.

Our trade with the industrial capitalist countries in 1983 rose 1.7 per cent to reach 38,400 million rubles. Trade between the USSR and the Western countries would have developed faster had it not been influenced by the tense international situation and the various forms of boycott applied by the US ruling circles and some of their allies.

The US administration, after having resorted to all sort of sanctions and embargoes, did all possible to restrict or discontinue the export of industrial products to the USSR which, they believed, could strengthen the Soviet economy. Moreover, this policy also had another aim, namely, to raise obstacles to Soviet exports and deprive our country of currency earnings. The USA was persistent in trying to impose a similar policy with regard to the USSR on its Western allies.

The Soviet Union maintained its close and most diversified trade, economic, scientific, technical and industrial relations with the West European countries.

Compared against 1982, our trade with these countries in 1983 increased 6.4 per cent. Their share in Soviet trade with the industrial capitalist countries went up from 79 per cent in 1982 to 82 per cent in 1983.

West European firms in 1983 continued to cooperate with Soviet organizations in building industrial projects in the USSR. They shipped to the Soviet

Union machines and equipment for individual enterprises in the chemical, metallurgical, pulp-and-paper, light and food industries, as well as for the building materials industry, the gas transport network and the agro-industrial complex. We also imported from the West European countries consumer goods and food products. The great amount of the export contracts signed between West European firms and Soviet organizations was responsible for the appreciable growth of Soviet imports from the countries in this region. In 1983 they increased 11.2 per cent over the 1982 level. As a result, the share of these countries in Soviet imports from the industrial capitalist states rose from 62 per cent in 1982 to 70 per cent last year.

There was a marked increase in exports to the Soviet Union from Spain (50.2 per cent), Austria (47.1 per cent), Norway (41.8 per cent), France (36.3 per cent), the Netherlands (36.2 per cent), Ireland (29.8 per cent), West Berlin (38.9 per cent), Greece (26.3 per cent), Italy (17.5 per cent), Iceland (15.5 per cent), the FRG (14.7 per cent). In payment for the imported goods the Soviet Union exported to the West European countries energy carriers, raw materials and various machines and equipment.

Last year saw good progress in carrying out agreements on the construction of gas pipelines. Cooperation in expanding the USSR's gas pipeline network makes it easier for the West European countries to widen their import of energy materials and at the same time helps the Western firms fill their order book with supplies of equipment and pipes for gas pipelines under construction in the USSR.

On completing the project its share in the West European countries' fuel-and-energy balance will reach four per cent in the 1990s. In spite of the assertions of "strategists" from the US administration, this cannot mean the USSR turning into the principal energy supplier to Western Europe or a high degree of the Soviet gas importers' dependence that would restrict their possibility of taking any political actions.

Among our Western partners in recent years the FRG has held a leading place in Soviet foreign trade. In the volume of trade with the USSR it is far ahead of the other industrial capitalist countries. It utilizes the favourable conditions of international economic division

of labour for the steady sale of its manufactures, using the proceeds from this to purchase the requisite primary goods and energy materials from the USSR.

Last year our trade with the FRG rose 5.9 per cent compared with 1982. The pattern of it is greatly influenced by the long-term cooperation projects including those being built on a compensation basis. In 1983, West German firms shipped to the USSR equipment for the non-ferrous and ferrous metallurgy, chemical and other industries.

The Soviet Union buys from the FRG about a quarter of all equipment and machinery it imports from the capitalist world, large quantities of pipes, some rolled steel sections, as well as consumer goods. Last year new contracts were signed with West German firms, in particular, for the delivery to the USSR of large-diameter pipes, repair and diagnostic equipment for gas-pumping units.

Natural gas, oil and oil products are important in Soviet exports to the FRG. West German firms also import from the USSR chemical products, timber, ores, machine tools, electric motors, motor vehicles and other industrial products.

The prospects of trade and economic cooperation between the two countries are defined in agreements on economic, industrial and technical cooperation and on the further development of economic cooperation, which have been prolonged last year for a further 10 years.

The USSR's trade, economic, industrial, scientific and technical cooperation with its second big partner, Finland, is developing on the firm foundation of the Treaty of Friendship, Cooperation and Mutual Assistance, which was prolonged last year for a further 20 years, and the trade and economic agreements, including the Long-Term Programme for the Development and Deepening of Trade, Economic, Industrial, Scientific and Technical Cooperation, valid up to 1995.

In recent years the two countries have devoted much attention to expanding their cooperation in building and modernizing industrial projects and production cooperation. Joint construction of the Kostomuksha mining and enriching complex is an example of fruitful cooperation between the USSR and Finland in building

**The USSR's Trade with Separate Industrial  
Capitalist Countries**

(mln rubles)

	1982	1983
West European countries—total	29,673.2	31,563.8
including:		
FRG	6,629.7	7,022.0
Finland	5,193.5	5,173.3
Italy	4,086.1	4,434.7
France	3,558.6	4,149.9
Netherlands	1,926.5	1,713.5
Belgium	1,604.5	1,602.0
Great Britain	1,565.1	1,816.8
Austria	1,209.8	1,352.8
Countries of other continents—total	8,068.2	6,807.9
including:		
Japan	3,682.4	3,004.0
USA	2,243.2	1,900.5
Canada	1,382.0	1,301.9
Australia	523.2	416.0

large macroeconomic projects. In September 1983 this complex began shipping iron ore pellets to Finland for the constructed with Soviet technical assistance iron and steel plant in Raahe.

Last year Finnish firms started constructing a shoe factory of their own design in Tallinn (Estonian SSR), to be completed in 1985. This factory, when commissioned, will turn out 2.5 million pairs of footwear annually. Orders have also been placed with Finnish firms for the second stage construction of the Pulkovskaya hotel and the Tallinn port. The Protocol on cooperation in agriculture and food production, signed in 1983, will further expand Soviet-Finnish cooperation. It covers practically all stages of production up to the sale of agricultural and food products.

The USSR's trade with its third major partner, Italy, increased last year by 8.5 per cent over the 1982 value. The Soviet Union exported to Italy energy materials and other merchandise she needed. From Italy we imported a wide range of equipment and machinery basically for chemical and petrochemical projects, and also equipment for a gas pipeline. We placed new orders with Italian firms for gas pipeline equipment,

equipment for the production of cement, as well as orders for the construction of coal-processing plants. Special mention should be made of the contract signed last year for the setting up in the USSR of small farm machinery production. This factory will manufacture dozens of thousands of small tractors and motor-cultivators for the home market and for export.

The intention of the two countries to expand and diversify their trade and economic contacts in the future is reflected in the new long-term programme (agreed in 1983) for deepening their economic, industrial and technical cooperation for the period up to 1990.

Soviet-French trade developed rapidly in 1983. Compared with 1982 it shot up 16.6 per cent. There was an increase in shipments to France of Soviet energy materials which account for 86 per cent of Soviet exports to that country. There was an appreciable rise in our import of French goods, above all farm produce and industrial equipment. Equipment and machinery for the development of our fuel-and-energy complex made up a considerable proportion of the Soviet imports from France.

In 1983 a big order was placed in France for the shipment to the USSR of equipment for processing and cleaning gas of its high sulphur content at the Astrakhan gas condensate deposit. Protocols were also signed on deliveries of ferrous metallurgy products to the Soviet Union in 1984 and 1985 and on cooperation in automobile construction. During the visit of the representative delegation of the National Council of the French Patronage to the USSR in November 1983, the parties showed great interest in assisting the further growth of Soviet-French trade and economic cooperation.

Last year saw a marked increase in our trade with other West European countries such as Spain (68.6 per cent), Ireland (30.6 per cent), Sweden (17.7 per cent), Great Britain (16.1 per cent), Austria (11.8 per cent), Norway (10.2 per cent).

The Soviet Union's relations with its eastern neighbour, Japan, were rather complicated in 1983. The

volume of Soviet-Japanese trade decreased by 678.4 million rubles. The decline in our imports from that country by 25 per cent was in part a direct consequence of the Japanese government's policy of "economic sanctions."

This placed Japanese exporters in a worse financial position than their West European competitors and narrowed the possibilities for Soviet organizations to place big orders with Japanese firms, especially for complete equipment. In Soviet trade with the industrial capitalist countries Japan was pushed from fourth to fifth place.

Soviet-American trade dropped by 15.3 per cent.

Economic realities are vivid evidence of the fact that attempts at boycott during the present profound international division of labour are doomed to failure and, as a rule, they inflict serious economic losses on the countries applying such a policy. In Western Europe, for example, artificial restrictions on East-West trade besides causing losses to individual firms can affect whole industries as well. It is no mere chance, therefore, that the American embargo on the shipment of pipes and compressor installations to the USSR came to grief. The attempts of the US administration to prevent the West European countries, under the plea of maintaining their independence in energy supplies, from purchasing Soviet natural gas were also not successful.

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The Soviet Union maintains its trade and economic relations with the developing countries of Asia, Africa and Latin America on the principles of respect for state sovereignty and national interests, non-interference in domestic affairs, and complete equality.

The USSR attaches very great importance to the expansion of its trade and economic cooperation with the developing countries and is consistent in supporting their line aimed at strengthening their scientific, technical and industrial potential, as well as their economic independence.

Compared against 1982 our trade with the developing nations rose by 4.8 per cent to 17,700 million rubles. Their share in the total volume of Soviet foreign trade came up to 13.9 per cent. Last year the Soviet Union traded with 102 developing countries.

As experience shows, our trade relations with the developing states are going through a definite evolution: from the exchange of goods by way of single commercial transactions to a balanced exchange of commodities on the basis of trade agreements. At present intergovernmental trade agreements are the basis on which the USSR trades with 78 developing nations.

Long-term trade agreements are becoming more and more popular. They provide a stable foundation for trade and economic relations, make it easier to plan trade and permit to tie it in with the macroeconomic plans of the partners and Soviet economic and technical assistance to these states. In 1983, for instance, the USSR and Kampuchea for the first time in the history of their relations signed a long-term trade and payments agreement for the 1983—1985 period. We also signed a long-term trade agreement with Turkey for the same period, and similar agreements with Mozambique and Bolivia for 1983—1985 and 1984—1986 respectively.

What is an important aspect of trade and economic contacts between the USSR and the developing countries is the Soviet assistance rendered them in developing national industry, power engineering, agricultural production and prospecting for minerals.

The developing states pay for Soviet goods and techno-economic assistance with their traditional export goods. Along with such goods the USSR has of late begun to buy industrial products and semi-finished articles from these countries. This is due to their growing export potentialities and the expanding import requirements of the Soviet Union.

In the area of international economic relations the USSR is giving all-round support to the newly free nations. The UNCTAD session in Belgrade was the major event in this area in 1983. At that session, as well as at other international forums, the Soviet Union was active in supporting the developing nations against the discriminatory application of protectionist restrictions



in trade, as well as restrictions for non-economic considerations. The Soviet Union seconded the proposals of the Group of 77, intended to restrict monopolistic control over the processing, transportation, marketing and distribution of raw materials, which would enable the newly free countries to establish effective control over the activity of the transnational corporations in these countries with a view to creating real possibilities for increasing the share of the developing nations in the distribution and marketing of raw materials.

Only the Soviet Union and other socialist countries supported all the proposals of the young states which were directed at a real restructuring of international economic relations on a just, democratic basis and at facilitating mutually advantageous, equitable economic cooperation between countries.

**Trade between the USSR and Separate  
Developing Countries**

(mln rubles)

	1982	1983
India	2,514.0	2,322.6
Argentina	1,292.9	1,325.5
Libya	1,346.9	1,277.9
Iran	766.0	936.5
Iraq	994.1	753.9
Brazil	595.4	697.4
Afghanistan	691.0	675.2
Egypt	520.7	612.3
Syria	511.6	504.9
Nigeria	279.0	374.7
Malaysia	250.6	259.2
Turkey	248.2	212.8
Ethiopia	195.5	186.0
Angola	64.4	173.1
Algeria	178.5	172.7

Compared with 1982 our *exports* in 1983 rose 7.5 per cent to 67,900 million rubles. Along with such traditional goods as oil, oil products and some metals there was an increase in the export of products turned out by the rapidly developing engineering, gas, chemical and petrochemical industries.

There is a steady rise of Soviet exports to the socialist countries. Relative to 1982 it went up 10.5 per cent, while the share of these countries in Soviet exports rose from 54.0 per cent in 1982 to 55.6 per cent in 1983. Last year Soviet exports to the industrial capitalist countries exceeded those of the preceding year by 4.3 per cent, they accounted for 28.9 per cent of our total exports; the figure for the developing states was 15.5 per cent.

Energy materials hold a leading place in Soviet exports. In 1983 their sales amounted to 36,400 million rubles or 10.3 per cent more than in 1982. Last year they accounted for 53.7 per cent of the country's total export earnings. They made up 50.1 per cent of our total exports to the socialist states and over 75 per cent of those to the industrial capitalist countries.

The bulk of Soviet energy materials goes to the socialist countries. Growing cooperation between the CMEA members in the fuel-and-energy sphere is expressed in our increased exports of coal, coke and other energy materials to this group of countries.

There was an increase in Soviet shipments of oil products, oil and coal to the capitalist and developing

**Structure of Soviet Exports**

(per cent)

	1982	1983
Total	100	100
including:		
Machines, equipment and means of transport	12.9	12.5
Fuel and electric energy	52.3	53.7
Ores and concentrates, metals and articles made of them	7.4	7.5
Chemical products, fertilizers, rubber	3.1	3.1
Timber and pulp-and-paper articles	2.8	2.8
Textile raw materials and semimanufactures	1.8	1.4
Consumer goods	1.9	1.8

countries and of coke and brown coal—to industrial capitalist countries.

Among the energy materials natural gas has become an important export item. Last year Soviet natural gas was exported to socialist and capitalist countries.

The USSR exported 8,500 million rubles' worth of machines, equipment and means of transport, 4.0 per cent more than in 1982. The proportion of plant and machinery in Soviet exports was 12.5 per cent.

Industrial machinery looms large in Soviet exports. Such important industries as automobile and aircraft, power engineering, metallurgical machinery engineering, tractor and machine tool making became traditionally oriented on export production. Last year these industries accounted for over 56.6 per cent of the Soviet export of machines, equipment and transportation facilities.

Power-generating equipment is an important export item in this group of commodities. Last year the USSR exported 1,117.9 million rubles' worth of this equipment, 20.2 per cent more than in 1982.

Recent years have seen a rapid growth in the export of transportation means. Last year it increased 3.5 per cent over the previous year to 2,616.2 million rubles. The sale of lorries and garage equipment was 4.5 per cent and of aircraft 3.2 per cent up on the respective figures for 1982.

Our plant and machinery exports to the CMEA countries rose 2.1 per cent. These countries increased their purchases in the USSR of press-forging, power-generating, electrical, metallurgical, and lifting-and-conveying equipment, calculating machines, farm machinery, diesel locomotives, lorries. Soviet exports of machines, equipment and transportation facilities to the developing countries were 10.9 per cent up on the 1982 figure. There was an increase in the export to these countries of metal-cutting machine tools, power generating equipment, metallurgical plant, farm machines.

Our plant and machinery exports were distributed as follows: the socialist states—72 per cent, the developing nations—24 per cent, and the industrial capitalist countries—4 per cent.

The third important group of Soviet export goods comprises ores, concentrates, metals and articles made from them. In 1983 they accounted for 7.5 per cent of the country's total export earnings. Their sales were 9.6 per cent greater than in 1982. There was a rise in the export of iron ore to the socialist and industrial capi-

talist countries, of aluminium to the CMEA member-states, and of rolled steel to the industrial capitalist and developing countries, pipes to the socialist and developing countries, rolled non-ferrous metals to the socialist, industrial capitalist and developing countries.

The Soviet Union exported 5.8 per cent more of chemical goods than in 1982. In this group of commodities there was an increase in the export of sulphuric acid, soda ash, plastics and resins, nitrogenous fertilizers.

The export of timber and articles made from it for industrial purposes increased 7.0 per cent over the 1982 value. The export of round timber, sawn timber and pulp went up 10.7 per cent, 5 per cent and 8.7 per cent respectively as compared with 1982. It was chiefly the socialist countries which increased the purchase of these goods.

The export of textile primary goods and semimanufactures was 15.3 per cent down on the figure for 1982. In this group of merchandise there was a marked decline in the export of cotton fibre to all groups of countries.

There was a 5.7 per cent increase in the export of consumer goods. In 1983 the USSR exported 682,000 domestic refrigerating cabinets, 832,000 still cameras, 1,059,000 bicycles, 1.1 million radio sets, 687,000 TV sets.

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*Imports* in 1983 produced a noticeable effect on the development of many sectors in the Soviet economy. Our purchases abroad were used to replenish stocks and broaden the assortment of goods for sale on the home market to meet the domestic demands.

Compared with 1982, Soviet imports rose 5.6 per cent to 59,600 million rubles. Our imports from the socialist countries went up 9.3 per cent. The share of these countries in Soviet imports increased from 54.6 per cent in 1982 to 56.5 per cent in 1983. The volume of our imports from the industrial capitalist countries remained stable. The share of these countries in Soviet imports declined slightly and made up 31.4 per cent. The developing nations accounted for 12.0 per cent of the USSR total imports.

### Structure of Soviet Imports

(per cent)

	1982	1983
Total	100	100
including:		
Machines, equipment and means of transport	34.4	38.2
Fuel and electrical energy	4.8	5.6
Ores and concentrates, metals and articles made from them	9.9	8.8
Chemical products, fertilizers, rubber	4.4	4.6
Timber and pulp-and-paper articles	1.5	1.3
Textile primary goods and semimanufactures	1.6	2.1
Foodstuffs and raw materials for their production	23.7	20.5
Consumer goods	12.7	11.5

Our import structure highlights the great accent placed in the Soviet state's import policy on the utilization of the international division of labour for supplementing the output of Soviet mechanical engineering with foreign-made machinery. The proportion of machines, equipment and means of transport in our imports rose from 30.2 per cent in 1981 to 34.4 per cent in 1982 and 38.2 per cent in 1983. Over the first three years of the current five-year-plan period the import of machines, equipment and transportation facilities increased from 15,100 million rubles to 22,700 million rubles, a 51.0 per cent increase, the total volume of our imports over this period increased 34.0 per cent.

The steady upward tendency in the proportion of this merchandise in Soviet imports reflects the growing role of foreign trade in setting up the material and technical base of communism and in fulfilling the strategical economic tasks of the current five-year plan—modernization and reconstruction of material production facilities.

In 1983 the USSR imported equipment not only for equipping engineering enterprises but also for the development and replacement of machinery for the food, light and other industries manufacturing consumer goods.

From the 1982 figure the import of metal-working equipment rose 22.4 per cent to 1,781.5 million rubles.

The import of power-generating equipment increased 31.6 per cent to 552.5 million rubles, and of electrical plant to 723.8 million rubles (14 per cent).

We imported 1,172.2 million rubles' worth of lifting-and-conveying equipment to ease arduous auxiliary operations.

In the current five-year period much attention is devoted to the transport system. Compared with 1982 the USSR in 1983 imported 983.5 million rubles' worth of railway rolling-stock (a 31.3 per cent increase), 1,737.9 million rubles' worth of lorries and garage equipment (a 12.8 per cent increase), and 2,014.5 million rubles' worth of ships, marine and port equipment (a 49.9 per cent increase).

Purchases of production equipment from abroad have an important part to play in building up the country's industrial potential. Last year we imported for our metallurgical industry 841.7 million rubles' worth of equipment (an 11 per cent increase as against 1982), 1,042.5 million rubles' worth of equipment for the chemical industry, 688.8 million rubles' worth of machinery for the textile industry, as well as plant and machinery for the timber, pulp-and-paper and wood-working industries to an amount of 209.9 million rubles, and printing equipment valued at 135.3 million rubles.

The Soviet Union purchases machines, equipment and means of transport mainly from the socialist countries. Relative to 1982 the import of this merchandise went up 18.5 per cent to 15,800 million rubles. The share of the socialist countries in these imports rose from 68.9 per cent in 1982 to 69.6 per cent in 1983, the CMEA member-states being the principal suppliers of products of the machine-building industry for the Soviet Union. Last year they accounted for 65.7 per cent of the USSR's total machinery imports, 19.9 per cent more than in 1982.

About 60 per cent of these imports are effected under agreements on specialization and cooperation in production. From Bulgaria, for instance, we purchase low-voltage and high-voltage electrical equipment, electric motors, electric loaders, electric hoists; from the GDR—lifting-and-conveying equipment, railway cars, pumping and compressor equipment; from Poland—

specialized goods wagons; from Romania—transformer equipment and steam boilers; from Czechoslovakia—tram cars, diesel locomotives.

In spite of the attempts being made by certain circles in the West to “freeze” trade with the Soviet Union, our import of machines, equipment and transportation facilities from industrial capitalist countries rose by 15.1 per cent, and their share in our purchases of these goods was 29.7 per cent as against 30.3 per cent in 1982.

Last year saw the commissioning of enterprises equipped with Western equipment such as the oil refinery in Ufa, the low-pressure polyethylene factory in Kazan, the methanol factory in Tomsk. Western equipment was also used to fit out other chemical and petrochemical works, as well as the Oskol electrometallurgical complex.

Plant and machinery imports in many cases helped reduce the time-limits for commissioning industrial enterprises oriented on export production, and tended to increase their output and to improve its quality. Last year, for instance, the USSR put into service well in advance the export gas pipeline Urengoi-Pomary-Uzhgorod built with the use of machines, equipment and materials purchased from socialist and capitalist countries.

The import of ores, concentrates, metals and articles made from them was 6.2 per cent down on the 1982 figure. In this group of goods there was a 3.8 per cent increase in the import of rolled steel. Last year we imported 1,900 million rubles' worth of pipes from the capitalist countries chiefly for gas pipelines.

Through foreign trade channels we acquired the requisite types of raw material for enterprises turning out consumer goods as well as foodstuffs which for some or other reasons are not produced at home or are manufactured in insufficient quantities. In view of the decreased purchases of grain, the proportion of foodstuffs and raw materials for their production in our imports declined from 23.7 per cent in 1982 to 20.5 per cent in 1983. Last year the USSR imported 4.8 million tons of raw sugar, 985,400 tons of meat and meat products, 202,600 tons of butter and 707,800 tons of vegetable oil, 530.5 million eggs, 37,200 tons of coffee, 162,300 tons of cocoa-beans, 76,700 tons of tea, 101,400 tons of tobacco.

To improve the country's diet we imported 180,600 tons of fresh vegetables and 1,122,600 tons of fruit and berries, mainly from the socialist and developing countries.

To supplement the assortment of Soviet-made products we imported 505.9 million metres of fabric and 1,136.4 million rubles' worth of garments, as well as knitwear to the amount of 577.4 million rubles, furniture to the value of 479.6 million rubles, and 1,046.8 million rubles' worth of various types of footwear.

Soviet import policy also takes into account the external economic aspects of the Food Programme as a major component of the CPSU's economic strategy. The benefits deriving from the country's participation in the international division of labour are used to speed up fulfilment of the long-term plans for the development of many branches in the USSR's agro-industrial complex. Trading on the foreign market means a more rapid re-equipping of this sector of the economy with progressive technologies for raising labour productivity, as well as assuring the proportionate development of the various branches in the complex, reduction of losses and improvement of the quality of agricultural products.

The basic production assets of agriculture in 1983 were supplemented with imported machinery to the amount of 110.2 million rubles.

Foreign trade has made an important contribution to the equipping of agricultural processing enterprises and storage facilities with up-to-date machinery and advanced technologies. For instance, 665.5 million rubles' worth of equipment was imported for the food industry.

There was a 19.7 per cent rise in the import of mineral fertilizers (434,400 tons) and a 22.5 per cent increase in the purchase of pesticides (to the value of 295.4 million rubles).

The import of pedigree animals and pure-strain poultry breeds better animals and improves poultry stock. Last year we imported 11,000 head of animals and 27.6 million head of poultry, as well as considerable quantities of fodder grain.

Foreign trade acts as a linking element in promoting cooperation between the USSR and CMEA countries in the output of farm products, their processing and storage under a special long-term specific programme. Ever



greater progress is being made in the CMEA members' specialization and cooperation in the production of mineral fertilizers, plant-protecting substances, fodder additions, as well as machines and equipment for complex mechanization of agricultural production.

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Last year the CPSU Central Committee and the USSR Council of Ministers worked out and passed a series of decisions on the fundamental questions of economic development intended to raise the efficiency of production and accelerate the Soviet Union's economic growth.

The extraordinary Plenary Meeting of the CPSU Central Committee last February confirmed the continuity of the Party's policy concerning the decisions and guidelines adopted previously on the basic directions of the country's economic development and its home and foreign policies. The Meeting placed emphasis on the need to effect a thorough restructure of the system of managing the economy and the entire economic mechanism.

Our foreign trade as an important component of the country's macroeconomic complex is also tied in with the fulfilment of the tasks set in the area of raising the efficiency of social production. Its planned development is aimed at an ever more rational utilization of resources, acceleration of scientific and technical progress by applying the most progressive labour- and energy-saving technologies and using up-to-date equipment and materials, as well as at realizing large-scale complex programmes.

The ever further integration of our economy into the system of international division of labour presupposes the growing production of export goods which are up to the requirements of the foreign market.

The greater effectiveness of foreign trade is linked above all with an improvement in the pattern of exports by expanding the manufacture of science-intensive export products of mechanical engineering and other goods with higher degree of processing as well as with better quality and higher competitiveness of export goods. Rational development of imports means an ever stricter approach to the buying of foreign goods whose home production is economically more profitable.

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## USSR-WORLD TRADE

### SOVIET-CHINESE AGREEMENT ON TRADE

Moscow FOREIGN TRADE in English No 5, May 84 p 35.

[Unattributed article under the rubric "Information": "A Soviet-Chinese Trade Agreement Signed"]

[Text]

On February 10, 1984, the governments of the USSR and the People's Republic of China signed in Peking an Agreement on Trade and Payments for 1984, providing for considerably expanded trade between the two countries both in volume and range of mutually supplied goods. This year the bilateral trade's total value is to amount to about 1,000 million rubles, a 60 per cent increase over the previous year.

The Soviet Union will supply China with machines and equipment, various motor vehicles, mining equipment, rolled ferrous metals, cement, chemicals, timber, fertilizers and other industrial goods. The People's Republic of China will ship to the USSR products from its mining industry, farm produce and livestock, textile articles and different consumer goods.

The Agreement was signed by

I. T. Grishin, USSR Deputy Minister of Foreign Trade, and Chen Jie, representative of the Minister for Foreign Economic Relations and Foreign Trade (in the rank of Deputy Minister) of the People's Republic of China. Chen Muhua, member of the State Council, Minister for Foreign Economic Relations and Foreign Trade, People's Republic of China, and I. S. Shcherbakov, USSR Ambassador to the People's Republic of China, attended the signing ceremony.

After signing the Agreement, Yao Yilin, Vice-Premier of the State Council of China, received I. T. Grishin. During the talks they stressed the importance of the two countries' growth of trade and discussed ways of furthering trade and economic relations between the USSR and the People's Republic of China.

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## USSR-WORLD TRADE

### BRIEFS

**NORTH KOREAN TRADE PROTOCOL**--A protocol was signed in Moscow on trade turnover and payments for 1984 between the Soviet Union and the Democratic People's Republic of Korea. The protocol covers shipments of machinery and equipment, raw and processed materials from the USSR to the DPRK [Democratic People's Republic of Korea]. The DPRK will in turn provide nonmetallic minerals, rolled ferrous metals, nonferrous metals, cement, vegetables and fruits, and consumer goods. Fulfillment of the commitments covered by the protocol will contribute to the further development of trade relations between the two nations on a mutually beneficial basis. The protocol was signed by Deputy USSR Ministry of Foreign Trade I.T. Grishin and Deputy DPRK Minister of Foreign Trade Lee Sok Rok. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 11, Mar 84 p 21] 11499

**MEXICAN TRADE PROTOCOL**--The third meeting of the Joint Soviet-Mexican Commission for Trade was concluded in Mexico. A protocol on trade turnover for 1984 and 1985 between the USSR and Mexico, an agreement on the extension of long-term loans to Mexico for the purchase of Soviet machinery and equipment, as well as an agreement on cooperation between the All-Union Tyazhpromeksport Association and the Mexican (Sidermeks) State Metallurgical Company, were signed. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 11, Mar 84 p 21] 11499

**TRADE PROTOCOL WITH MALTA**-- A protocol on trade turnover for the period 1984-1986 between the USSR and the Republic of Malta was signed in Moscow. The Soviet Union will provide Malta with oil and petroleum products, cement, passenger cars, industrial equipment and other goods. Malta exports will consist of vessels, consumer goods and certain other items. Soviet vessels will be repaired at Maltese shipyards. The protocol was signed by Deputy Minister of Foreign Trade A.N. Manzhulo on the Soviet side and by Minister of Industry K. Vela for the Maltese side. Republic of Malta Minister of Foreign Affairs A. Sceberras Trigona took part in the trade talks. [TASS] /Text/ [Moscow EKONOMICHESKAYA GAZETA in Russia No 11, Mar 84 p 12/ 11499

**SOVIET-YUGOSLAV AGRICULTURAL COOPERATION**--By invitation from the government of the Socialist Federal Republic of Yugoslavia a Soviet delegation headed by Z.N. Nuriyev, deputy chairman of the USSR Council of Ministers, was in Yugoslavia from 27 February to 3 March of this year. It had meetings with B. Srebric, deputy chairman of the Federal Executive Council of the SFRY [Socialist Federal Republic of Yugoslavia], and with the heads of a number of federal committees and organizations. Talks were also held with the leaders of the socialist republics of Serbia, Croatia and Macedonia and the autonomous province of Vojvodina. Specific matters of increasing

cooperation in the area of the agroindustrial complex were discussed during the meetings, which took place in a friendly and business-like atmosphere. The delegation visited a number of agroindustrial combines and enterprises for the procurement, storage and processing of agricultural products and raw materials, and visited machine-building plants for the production of equipment for the food industry and trade. The delegation was received by M. Planinc, chairman of the Federal Executive Council of the SFRY, and N. Stojanovic, secretary of the Presidium of the Central Committee of the League of Communists of Yugoslavia. A protocol was signed on the further development of economic and scientific and technological cooperation between the USSR and the SFRY in the area of the agroindustrial complex. The document was signed by Z.N. Nuriyev on the Soviet side and by B. Srebric on the Yugoslav side. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 11, Mar 84 p 21] 11499

MOSCOW ON NICARAGUAN AGRICULTURE--During the days when the memory of Augusto Cesar Sandino, legendary hero of the Nicaraguan people, viciously killed 50 years ago by agents of American imperialism, was being honored in Nicaragua, the nation's government began implementing a new phase of agrarian reform. Another 120,000 hectares of fertile land were turned over to those who work it in a number of communities in the departments of Madriz and Segovia. Formerly landless peasants were given the deeds to plots of land. Before the end of the year cooperative members will receive additional hundreds of thousands of hectares of arable land--a record amount for all the years since the victorious revolution, stated J. Wheelock, member of the National Leadership of the Sandanista Front for National Liberation and the republic's minister of agriculture, cattle development and agrarian reform, stated at a meeting in the community of Palakagin. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 11, Mar 84 p 22] 11499

USSR-IRAQ COOPERATION AGREEMENT--An intergovernmental agreement on the further development of economic and technological cooperation between the USSR and Iraq was signed in Bagdad. The document calls for the Soviet Union to assist Iraq in the construction of two large projects, a heat and electric power plant and a hydroelectric power complex. The agreement was signed by Ya.P. Ryabov, chairman of the State Committee for Foreign Economic Relations of the USSR, for the Soviet side, and by S. Yasin Khudayr, minister of industry and minerals, for the Iraqi side. A protocol was also signed on the results of the just-ended 14th meeting of the Permanent Soviet-Iraqi Commission on Economic and Scientific and Technological Cooperation. It defined the main directions for the further development of mutually beneficial cooperation in various fields. [TASS] [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 84 p 21] 11499

ALBANIAN SCIENTIFIC RESEARCH EXAMINED--The Albanian Telegraph Agency reports that institutes of the Academy of Sciences of the People's Socialist Republic of Albania are taking steps to enlarge the group of problems of national economic importance which are being studied. In the field of the biological sciences the main attention is being given to the development of research methods, the application of which will contribute to the most rapid possible application of achievements of the biological sciences in agricultural production, in animal husbandry and medicine. Seismic studies continue in various areas of Albania, and attempts are being made to improve the hydrometeorological service. In the area of hydrology it is planned to study the degree to which the nation's climate and natural characteristics are affected by water resources, and to carry out studies into the

artificial movement of water, particularly for the modeling of ports and main hydroelectric power-engineering and agricultural installations, as well as underground water resources, the latter in connection with the search for oil reserves and with land drainage problems. This year, the 40th anniversary of Albania's liberation, the Academy of Sciences of the People's Socialist Republic of Albania in collaboration with Tirana State University, will hold a number of scientific conferences on urgent problems of mathematics, physics and biology, and linguistics. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 84 p 22] 11499

TRAINING OF ANGOLAN SPECIALISTS--More than 5,300 skilled specialists have been trained in the People's Republic of Angola with Soviet assistance. Hundreds of machine specialists, lathe operators, chauffeurs and tractor drivers with a broad range of specialization are currently working at plants and factories, in the fields and on the farms of the People's Republic of Angola. Training centers and an industrial teachers' tekhnikum set up with assistance from the Soviet Union are successfully functioning in Luanda, Lobito, Lubango and a number of other cities. They are preparing production training masters, shipbuilders, topographers, radio-telegraphists and other specialists so urgently needed by the young republic. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 84 p 22] 11499

CSO: 1825/108

## USSR-CEMA TRADE

### CEMA COOPERATION REVIEWED AT 35TH ANNIVERSARY

Moscow FOREIGN TRADE in English No 4, Apr 84 pp 2-7

[Article by Boris Vyazovov, Cand. Sc. (Econ.): "CMEA: 35 Years of Cooperation and Integration"]

[Text]

In the economic development of the countries forming the socialist community an ever greater role is played by the further deepening of cooperation, socialist economic integration and the expansion of their mutual industrial, scientific, technical and trade ties. This cooperation is becoming an increasingly important factor in strengthening the position of the fraternal countries in the world economy. The Council for Mutual Economic Assistance, set up in 1949 by the Soviet Union and the European countries that had embarked on the road of socialism, holds a central place in the matter of organizing their multilateral economic ties. The Council's purpose is to render assistance by pooling and coordinating the efforts of the CMEA members to further deepen and improve their cooperation and develop their socialist economic integration, attain a balanced growth of their economies, accelerate these countries' economic, scientific and technical progress, raise the level of industrialization of member-countries with a less developed economy, obtain continuous growth of labour productivity, gradually converge and even the CMEA countries' economic development levels and steadily improve the well-being of their peoples.

CMEA is the first international economic organization of the socialist countries, and is based on the principles of socialist internationalism, respect for state sovereignty,

independence and national interests, complete equality, mutual advantage and comradely mutual assistance. All member-countries have equal representation in the Council, and equal rights in their interrelations. These principles are confirmed in the Charter of the Council and are consistently implemented into practice.

Founded 35 years ago, today CMEA unites ten socialist states of Europe, Asia and Latin America, which account for 10 per cent of our planet's population. Over this period the economic, scientific and technical potential of the CMEA countries has grown immensely. In 1950 these countries produced about 18 per cent of the world's industrial output, today this figure has reached 33 per cent; their share in the world national income over the same period increased from 15 to 25 per cent. The fraternal countries have made good progress in enhancing their economic, scientific and technical cooperation and deepening the international socialist division of labour.

With the change to intensive economic development and advancement of the task of raising the efficiency of social production and the quality of output, the Communist and Workers' Parties of the CMEA countries have charted a course towards economic integration whose aims, tasks and directions are set out in the Comprehensive Programme adopted by the 25th CMEA Session in 1971.

Economic integration has become a regular feature characterizing the development of the world socialist economy and the main idea of the cooperation between the fraternal countries in all areas of science, technology, material production and commodity exchange. It demonstrates now the highest type of economic life internationalization. Socialist integration is being carried out in a balanced manner and in the interests of the working people, according to the principles established in relations between the CMEA members and fixed in the Council's Charter.

Implementing a policy of cooperation and economic

integration, the CMEA member-states have created a mechanism which has no analogue in world practice, that is based on a complex of forms and methods of combined planning activity.

Coordination of national economic plans is a central element of cooperation in this field. The CMEA Committee on Cooperation in Planning confirms the plan coordination programme for every coming five-year period, points out matters needing the member-countries multilateral cooperation, combination of bilateral and multilateral forms of it, their work stages and periods for completion. This activity results in the adoption by the CMEA Session of a coordinated plan of multilateral integration measures which finalizes the time-limits, participants and the resources they allocate and their commitments as concerns the major measures of cooperation in science and technology, international specialization and cooperation in production, transport, exchange and standardization. The commitments outlined in the coordinated plan are confirmed in the CMEA members' national economic plans. Thanks to the experience-tested and constantly improving system of planned coordination, the member-countries can define in advance the basic proportions of commodity exchange for the coming five-year period and plan the requisite investments and allow for changes envisaged in the structure of social production.

With the transition to socialist economic integration the target-oriented approach to cooperation in planning gains in efficiency and develops continuously. The main purpose of the economic strategy for the 1980s as defined by the relevant congresses of the fraternal parties, namely the all-round intensification of the member-countries' economies presupposes, in particular, radical changes in their sector structure and thorough modernization of the technical base. The more concerted their actions are and the more closely they cooperate in defining their strategic objectives for the future the more successful will be the CMEA countries' interactions on their macroeconomic complexes. The joint determining of these tasks and ways and means of their accomplishment is becoming an objective necessity.



As a result late in the 1970s the CMEA Session adopted five long-term specific cooperation programmes, covering the major areas of material production which specify and supplement the Comprehensive Programme. Today about 200 agreements have been signed for implementing these programmes.

The target-oriented approach in matters of cooperation is developing. One of the basic trends of the CMEA member-states' economic strategy for the 1980s, for instance, is to reduce the proportion of energy-intensive and material-intensive lines of production and technologies and save material resources to the utmost. With this aim in view the fraternal countries agreed and at the 37th CMEA Session adopted the principal guidelines for expanding their cooperation in sparingly and rationally using fuel-and-energy and raw material resources, secondary resources included, and agreed to work out a programme of cooperation in this area up to the year 2000.

At present the CMEA countries have adopted and are carrying out programmes of cooperation in developing non-traditional energy sources, improving protein supplies for animal breeding, developing and manufacturing a new generation of equipment for colour television, as well as complex measures of cooperation in improving the supply of foodstuffs to the populations in the CMEA countries, and other measures. In accordance with such programmes the member-states mutually settle questions tying up scientific research, design, and the manufacture of articles and their mutual shipments.

At the same time there is need for new initiatives, for constant corrections and for the posing of new tasks in developing the member-countries' economies and cooperation. The 26th Congress of the CPSU and the relevant congresses of the fraternal parties of the other CMEA members have set the task of obtaining greater coordination of their economic policies.

An important part in the economic mechanism of integration is played by commodity-money levers. The international market of the CMEA countries is notable for stable contract prices free from speculative and monopolistic influence; they impart a balanced and mutually

advantageous character to their cooperation. The international socialist monetary system based on the transferable ruble as the international socialist collective currency has been set up and successfully operates. The transferable ruble is given firm commodity security in the form of planned shipments of various products, as well as services.

To improve the system of multilateral settlements and mutual credits the CMEA countries have founded two collective banks—the International Bank for Economic Cooperation (IBEC) and the International Investment Bank (IIB). Each country, irrespective of the amount of its capital in the banks, has one vote.

The total volume of settlements made between the CMEA members in the collective currency through the IBEC since its foundation (1964) by 1983 had increased 8-fold to nearly 180,000 million transferable rubles. At present the IBEC performs operations amounting to some 1,000 million transferable rubles per day.

Over the 12 years since its foundation (1971) the International Investment Bank financed 83 projects and granted credit facilities to the CMEA members and Yugoslavia equal to 3,500 million transferable rubles. The estimated cost of the projects accepted for financing is around 10,000 million transferable rubles; 56 projects in these countries are already in service. Between 1972 and 1982 some 15,000 million transferable rubles' worth of their finished products were exported to the CMEA countries. These exports include 60,000 million cu.m of natural gas, over 140,000 heavy-duty and high cross-country lorries and also buses, 38,000 railway carriages and wagons, 11,000 grain combine harvesters, 26,000 silage harvesters, 100,000 tons of polyisoprene rubber, over 155,000 tons of varnish and paint for ships, and so on.

Important changes have taken place in the organizational structure of cooperation since the Council was established. These changes primarily concern the activity of the Council itself, and the legal norms of cooperation.

At present the Council has about 30 standing commissions and holds regular meetings of departmental heads,

and also three committees: on planning, scientific and technical cooperation, and material and technical supplies.

The CMEA member-states are pursuing a consistent policy of consolidating the legal principles of their cooperation. Thanks to the coordination of their economic plans they sign new and prolong existing multilateral agreements on international specialization and cooperation in production. Ever greater emphasis is placed on the target-oriented programme approach to cooperation which of late has resulted in signing general agreements on key macroeconomic projects, which are commonly accompanied by the elaboration of programmes of cooperation in appropriate areas. Such general agreements and programmes of cooperation exist in such areas as the construction of atomic power stations, the development and manufacture of microprocessors and robots, the development of a standardized electronic element base, etc.

The CMEA bodies' organizational activity and its constant improvement help the CMEA members' all-round cooperation. Having begun with barter this cooperation is penetrating ever deeper into the production sphere, thereby reflecting the advantages of the socialist system of economy.

Production cooperation has now assumed various forms. Particularly widespread is large-scale international specialization and cooperation in manufacturing major types of output, encompassing the modern and "traditional" branches of the chemical industry and mechanical engineering and exerting a great influence on the modernization of the member-countries' macroeconomic structure and mutual exchange. On the basis of a joint long-term programme, for instance, the CMEA countries produce computers and have created the Ryad unified computer system with technical, information and programme compatibility. Thirty research and design bureaux and over 70 plants with a body of workers equal to 300,000 are fulfilling a coordinated plan. Between 1981 and 1985 the volume of mutual computer shipments is to top 15,000 million transferable rubles.

Increasingly characteristic of the present stage of specialization and cooperation in production is the selective approach being given to objects of this specialization and cooperation, enabling the CMEA members to concentrate their efforts on the most important directions of cooperation, ensuring the maximal economic effect and making the greatest contribution to the acceleration of technical progress and the increasing of the technical and economic potential of the community. The result of the CMEA countries' work today is predetermined by the thoroughly weighed choice of priorities in their cooperation. According to the CMEA bodies' decisions for the 1980s, such priorities are: automation of production processes by using promising computational technique, above all micro- and minicomputers; development of a standardized electronic element base; introduction of robots and other means for mechanizing labour-intensive processes; creation of high-powered machinery complexes for the exploitation of fuel and raw material deposits and for the transportation of the material extracted; development of machines and equipment which sparingly use fuel and energy; modernization of machine-building facilities by using highly efficient precision equipment; development of complex standardized systems of hydraulic and pneumatic apparatuses; complex mechanization of agriculture.

As the scope of tasks for joint solution increases, especially in the fuel, raw material and energy industries, production cooperation increasingly finds expression in pooling the CMEA countries' material, financial and manpower resources when building industrial projects for meeting the requirements of all participants. Examples of such cooperation are: the Friendship oil pipeline, the Soyuz gas pipeline running from Orenburg to the USSR western frontier, the Kiembayev asbestos complex and the Ust-Ilimsk pulp-and-paper mill now very well known.

Work is now in progress on the construction in the Soviet Union of the Khmelnitsky atomic power station; half of its electricity output will be fed to several CMEA countries. Inter-system power transmission lines are under construction. In the last five-year period the 750 kV

power transmission line running from Vinnitsa (USSR) to Albertirsa (Hungary) was put into service, in the current five-year-plan period the construction of a similar line running from the Khmel'nitsky atomic power station to the town of Rzeszow (Poland) will be completed. Thus, the CMEA members are continuing their development of a unique ring power system integrating the power grids of fraternal countries and enabling them, by combining their capacity reserves and load schedules, to achieve economy in investments sufficient to build 1,500 MW power stations.

Another important task is to reliably supply the community's needs for ferrous raw materials. To solve this task, the CMEA countries are actively participating in modernizing several mines in the Soviet Union with a view to the subsequent shipment of their products to fraternal countries. During the 37th CMEA Session a multilateral agreement was signed on cooperation in building the Krivoi Rog ore-mining and concentrating complex in the USSR.

Over the period under review the CMEA member-states have gained rich experience in developing their scientific and technical cooperation. In the first few years of the Council's existence it basically had the character of the free transfer of design, scientific and technical documentation, chiefly on the part of the USSR. Today the CMEA countries possess a reliable scientific and technical base accounting for about one-third of the world's scientific and technical potential.

As the CMEA members' scientific and technical potential grows the mutual character of their cooperation in science and technology becomes ever more pronounced. Today 3,000 scientific and technical organizations cooperate together. Annually they complete about 2,000 developments, jointly create 200 to 300 new or improved models of machines, instruments and equipment, devise or perfect 100 to 150 technological processes, and create 100 to 120 new materials and preparations.

Quite a few examples can be cited illustrating the fruitfulness of scientific and technical cooperation between the CMEA countries. Among these are: the development and

manufacture of a series of processor models for the united computer system as well as over 300 peripheral devices for them; research for developing and manufacturing water-cooled high capacity reactors (1,000 MW) and automatic control systems for them. In the area of space exploration, technical means have been jointly built for remote exploration of the Earth, and devices developed for multispectral photography, including means for deciphering photographs. Mention can also be made of the jointly developed electron-ray welding installation whose use at only one Soviet factory saves over 70,000 rubles annually.

The main aim of the CMEA members' scientific and technical cooperation is to strengthen their ties in production and concentrate efforts on the leading sectors assuring scientific and technical progress, on tasks of great economic importance. For instance, of the 182 problems singled out by the CMEA Committee on Scientific and Technical Cooperation for joint elaboration up to 1990, 117 are included in long-term specific programmes of cooperation. Joint scientific and technical developments will also precede the organization of production specialization and cooperation in the priority areas of mechanical engineering.

The successes of diversified cooperation between the CMEA countries in the final count are seen in the steady expansion of their mutual trade. Thanks to this trade they satisfy the bulk of their import-oriented needs for major goods. In 1982, for instance, the proportion of mutual shipments in the total volume of their imports was: machinery and equipment—67.8 per cent, coal—99.2 per cent, oil—69 per cent, natural gas—93 per cent, iron ore—76.7 per cent, rolled steel—66.3 per cent, sawn timber—97.8 per cent, consumer goods—60.7 per cent. The high degree of self-reliance in these products assures the balanced growth of the economy.

The Soviet Union plays the leading role in the shipment of products from the capital-intensive fuel-and-energy and raw material industries to the CMEA market. As noted at the 37th CMEA Session, in just three years of the current five-year plan the USSR has shipped to the

CMEA countries around 264 million tons of oil and oil products, 92 million cu.m of natural gas, 53,000 million kWh of electricity, 128 million tons of ferrous raw materials, 13 million tons of mineral fertilizers, and large quantities of up-to-date machinery. Of great importance for the Soviet economy were the shipments of machines, equipment, chemical products and consumer goods from the fraternal countries.

The direct result of the industrial development of the CMEA members and the deepening international socialist division of labour is the outstripping growth of mutual equipment and machinery shipments as compared with the increase of their goods exchange as a whole. Between 1950 and 1980 they grew 50-fold and 25-fold respectively. Particularly fast were the growth rates in equipment and machinery exports from those countries where mechanical engineering was poorly developed in the past. Characteristic in this respect are the figures for Bulgaria. In 1950 there were hardly any goods of this group in her exports, whereas in 1980 she shipped 2,600 million rubles' worth of these products to the CMEA countries alone. Over the same period Poland increased her equipment and machinery exports 85-fold, Romania—148-fold.

The trade agreements for 1981-1985 provide for a further increase in the export of machines and equipment. As before, the CMEA members' mutual trade in these products will be developing at surpassing rates; in 1985 their proportion in these countries' exports will amount to 46 per cent.

The results of the CMEA members' cooperation in the production sphere are more and more reflected in their mutual trade. For instance, their interest in developing international specialization and cooperation in production, above all in mechanical engineering, appears in the super growth rates of shipments of specialized machines and equipment. In 1982 the growth rates of the export of specialized products of the engineering industry (17.7 per cent) appreciably exceeded those of the ordinary export of this industry (11.6 per cent). That same year specialized products accounted for over 38 per cent of

equipment and machinery exports.

As put forward at the 37th CMEA Session, one of the tasks facing the CMEA countries in the field of their mutual trade is to raise the quality of the mutually supplied articles and enhance the responsibility of manufactures and clients ordering them to assure constant renewal and improvement of products. The CMEA members' national organizations as well as the CMEA bodies have this task well in hand.

One of the main objectives of the Council's activity and of the cooperation of the fraternal countries is to raise and even up their economic development levels. By bringing into play the economically less developed countries' own resources and using the advantages of the socialist international division of labour, the CMEA member-states have achieved great progress in this respect. Shortly after the Council was set up (1950) the ratio between the highest and the lowest per capita level of national income in the European CMEA countries was approximately 3.2:1, in the late 1970s it was about 1.3:1. A modern economic structure is also being formed in those CMEA countries which are building socialism in especially complicated conditions: Mongolia, Cuba, Vietnam. In these countries large industrial enterprises have already been built and others are under construction, agriculture is being mechanized and their transport systems modernized. The Soviet Union and the other European CMEA members are giving extensive assistance to these countries in setting up and developing the material and technical base of socialism. Over 750 large economic projects have been built in Mongolia, Cuba and Vietnam with the assistance of the European CMEA member-states. The Soviet-assisted enterprises in Mongolia alone produce some 50 per cent of her industrial output. The fraternal countries' assistance has enabled Cuba to start ferrous metal production, manufacture industrial articles including machines, and considerably increase her energy potential. The share of the enterprises built in Vietnam by CMEA members in the total volume of industrial output in that country is: for tin, sulphuric acid, superphosphate and coffee—100 per



cent, for metal-cutting machine tools—82 per cent, for coal—89 per cent, for electricity—35 per cent.

Mutual cooperation and economic integration, while facilitating the economic development of the CMEA members, expand their ties with the developing and industrial capitalist countries.

The volume of the CMEA countries' economic and technical assistance to the developing nations is constantly growing. Early in the 1960s such assistance was given to 34 developing states, in 1982 this figure rose to 97. The CMEA members have established particularly close friendly relations with countries which are building socialism or have chosen socialist orientation.

By 1982 the CMEA countries had built and handed over to developing states 3,421 projects. In their technical assistance programmes emphasis is laid on the development of the state sector, above all on the building of industrial and energy-generating enterprises, prospecting for minerals and agricultural development. Enterprises built for their state sectors with the assistance of CMEA members account for 100 per cent of the oil extraction and processing in Syria and nitrogenous fertilizer output in Afghanistan, and over 70 per cent of their electricity generation. In India such projects account for 40 per cent of the entire ferrous metal production, 77 per cent of the extraction of oil and 30 per cent of its processing, about 90 per cent of the output of the heavy engineering industry, and 20 per cent of the electricity output. Assistance is provided on a bilateral and multilateral basis. For instance, the CMEA countries are cooperating on a multilateral basis in building 14 different projects in the People's Democratic Republic of Yemen, including, in particular, the modernization of the port of Aden. Joint efforts make it possible to speed up construction, use collective experience and supply up-to-date equipment and transfer technical documentation and know-how.

In their relations with the capitalist countries the CMEA members are pursuing a consistent policy of equal and mutually advantageous cooperation. Thanks to the efforts of the socialist countries, in the second half of the

1960s the ice of the cold war was broken. The success of detente was accompanied by a considerable expansion of the CMEA member-states' economic ties with the industrial capitalist countries. Trade between these two groups of countries in 1970 was at the 13,000 million rubles mark, in 1982 it rose up to 74,000 million rubles. In the 1980s, however, the US administration and some of its allies increased their attempts to use international trade as a means for exerting political pressure on the socialist countries and undermining the existing economic ties. In these conditions the CMEA members, true to their invariable policy aimed at developing trade and economic relations with all countries still willing to cooperate on an equal basis, are taking measures to accelerate the production and mutual shipments of products whose import is hindered by the discrimination policy currently pursued by some capitalist countries with regard to the CMEA member-states in trade and economic relations.

Over the 35 years since the establishment of the Council for Mutual Economic Assistance the fraternal countries have accumulated rich experience of cooperation of inestimable historical significance. Drawing on this experience the CMEA countries, deepening their socialist economic integration, are pooling their efforts to intensify their economic development and speed up scientific and technical progress in their national economies.

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## USSR-CEMA TRADE

### IBEC, FINANCIAL RELATIONS IN CEMA REVIEWED AT 20TH ANNIVERSARY

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[Article by Candidate of Economic Sciences A. Zverev: "An Important Instrument in the CEMA Member-Countries' International Currency and Financial Mechanism"]

[Text] It has been 20 years since the Agreement on Multilateral Settlements in Transferable Rubles and the Organization of the International Bank for Economic Cooperation (IBEC) was adopted. This document defined the objectives and areas of activity of history's first international banking institution based on the principles of internationalism, fraternal mutual assistance and friendship.

The IBEC began its activity on 1 January 1964. Since that time it has become an extremely large organization that services the economic and scientific-technical ties among the CEMA countries.

Cooperation among the CEMA countries has been steadily developing; its former, proven forms are being improved, and new forms are appearing that deepen implementation of the Comprehensive Program for Socialist Economic Integration.

In the years that have passed, the planned bases of cooperation among the CEMA countries have been substantially strengthened and expanded. A system for coordinating the annual and five-year economic and social development plans of the countries in the socialist commonwealth has received development, and systems have been established for working out long-range special-purpose cooperation programs (LRSCP) and for joint planning and forecasting. At the 25th CEMA session, which was held in July 1981, a Coordinated Plan of Multilateral Integration Measures (CPMIM) for 1981-1985 was approved. One hundred and sixty-nine multilateral agreements for implementing long-range special-purpose cooperation programs were signed and worked out.

The IBEC plays an important role in planned economic relations among the CEMA countries. Prior to the bank's establishment, all settlement and credit relations among the CEMA countries were on a bilateral basis. In order to carry out foreign-trade deals, use was made of the clearing method of settling

accounts, a method which is commonly accepted in international practice and which provides for a mandatory balance of deliveries and settlements between partner countries. This meant that within the limits of a calendar year two countries were supposed to deliver goods and provide services to one another in equal amounts. In the event that one of the countries turned out to have a positive balance at the end of the period, it was supposed to eliminate that balance through deliveries of goods the following year.

In the first years of the development of international settlement relations among the CEMA countries, the bilateral clearing system was the most economically advantageous, expedient and feasible in connection with the inadequate development of these countries' international market. By using this system, the CEMA member-countries received certain advantages, since it was possible for them to ensure equivalency in reciprocal deliveries of goods and provision of services, and to carry out the uninterrupted settlement of accounts.

However, whereas at first the clearing method of settling accounts and advancing credit corresponded, on the whole, to the nature of bilateral trade and payment relations, later on, as mutual cooperation among the countries of the socialist commonwealth developed, this method started to encumber these relations. The bilateral balancing of payments was impeding the development of trade, since countries with a large potential for delivering goods and services were compelled to orient themselves toward the export capabilities of their partners in bilateral relations.

In order to overcome difficulties of this sort, in the 1950s the CEMA countries shifted to trilateral clearing. This represented a certain step forward. It became possible not to have strict equality between exports and imports vis-a-vis one country, since the positive balance could be used for settlements with the third country.

In 1957 an Agreement on Multilateral Clearing was adopted, and settlements for extra trade turnover started to be carried out on a multilateral basis. It became possible for countries to purchase goods and receive services from any country that was party to this agreement, regardless of where exports went.

The Agreement on Multilateral Clearing provided the possibility of transferring to multilateral clearing accounts sums with respect to which annual bilateral trade agreements were not balanced and sums placed in accounts set up for bilateral agreements. This transfer of money was carried out on the condition of the consent of the interested sides, and sums were determined by mutual agreement. In 1957 a Settlements Chamber was set up under the USSR State Bank as a central agency for the settlement of accounts in clearing rubles in accordance with multilateral clearing. However, this system did not receive widespread use, since the sums that could be reckoned on the basis of multilateral clearing included only those that pertained to extra trade, i.e., to the portion of trade turnover that was not balanced in terms of bilateral agreements.

Despite the existence of limited forms of multilateralism in 1957-1963, the predominant settlement method used in the balancing of trade turnover and

settlements remained bilateral clearing, which no longer accorded with the level of development of economic cooperation among the CEMA countries. The need to create a fundamentally new system for settling accounts and advancing credit was making itself felt more and more keenly. In June 1962 a Conference of Representatives of Communist and Workers' Parties and Heads of Government of the CEMA Member-Countries was held at which it was decided to work out organizational and financial conditions for shifting to an improved settlement system. In October 1963 the Agreement on Multilateral Settlements in Transferable Rubles and the Organization of the IBEC was signed. The parties to it were the following CEMA countries: Bulgaria, Hungary, the GDR, Mongolia, Poland, Romania, the USSR and Czechoslovakia. In 1974 the Republic of Cuba joined the IBEC, and in 1977 the SRV [Socialist Republic of Vietnam] joined.

The agreement stipulates the following functions of the IBEC:

- the multilateral settlement of accounts in transferable rubles;
- the advancement of credit for foreign-trade and other operations of the bank's member-countries;
- the attraction and holding of noncommitted funds in transferable rubles;
- the attraction of gold, freely convertible currency and other currency from the bank's member-countries (and from other countries), as well as the performance of operations with gold, freely convertible currency and other currency;
- the performance of other operations that are in keeping with the bank's aims and objectives as indicated in its charter.

The IBEC's basic capital is set in the amount of 305.3 million transferable rubles and is formed from pooled contributions by the member-countries. Each country's share is set in accordance with the proportion its exports constitute of total mutual trade among the commonwealth countries. Member-countries' contributions to the bank's basic capital are made in transferable rubles, freely convertible currency and gold. As of 1 October 1983 the paid-up part of the bank's basic capital equaled 190.3 million convertible rubles.

The IBEC also has reserve capital that is created through deductions from the bank's annual profits. The deductions are made annually in accordance with a decision of the IBEC Council following its examination of performance results for the previous year. As of 1 October 1983 the IBEC's reserve capital equaled 179.3 million transferable rubles.

Credit activity occupies a significant place in the IBEC's work. The bank's credit policy has undergone certain changes in recent years. At first the IBEC granted six forms of credit to member-countries: credit for the settlement of accounts, for seasonal needs, for the expansion of trade turnover and for bringing payments into balance; nonplanned credit; and credit for the joint construction, reconstruction and operation of industrial enterprises and other facilities. Experience showed, however, that in the advancing of credit it was often difficult to delimit it by purpose. This led to a situation in which a borrowing country could pay off its indebtedness in one form of credit by obtaining another form. This was impeding the development of mutual economic ties among the CEMA countries. In order to give the IBEC

credit mechanism greater flexibility, in 1970 the bank started to grant two forms of credit: credit for the settlement of accounts and fixed-term credit.

Settlement credit in transferable rubles is provided for meeting short-term needs for funds that arise in connection with a temporary discrepancy between revenues and payments. Settlement credit is repaid with funds built up in the current accounts of a borrowing agent bank when revenues exceed payments. Indebtedness in this form of credit may be carried over to the following year. Credit for the settlement of accounts is provided to the extent of economically substantiated need; however, need is still restricted by limits that are set in the amount of 2 percent of total settlements for trade with all IBEC member-countries for the previous year. The following annual interest rates are charged for settlement credit in transferable rubles: for amounts not exceeding 50 percent of the limit--2 percent, and for amounts exceeding 50 percent of the limit--3 percent.

The second form of IBEC credit is fixed-term. As a rule, it is granted for a period of up to one year. However, in accordance with a decision of the Bank Council, it may be granted for a period of up to two or three years.

Thanks to this credit, it is possible for exports to exceed imports, which stimulates the development of mutual foreign trade. Fixed-term credit is planned, and it is the direct result of planned and balanced economic cooperation among the fraternal countries. It is allocated for measures related to specialization and cooperative production arrangements, for the expansion of trade turnover, for bringing payments into balance, and for meeting temporary needs for funds--for example, in connection with the seasonal nature of the production and marketing of goods. Interest is also charged on fixed-term credit, in accordance with the period for which it is granted: for up to 6 months--3.25 percent annually; for up to 12 months--3.5 percent; for up to 2 years--4 percent; and for up to 3 years--5 percent annually. In this connection, it must be noted that for such countries as the MPR [Mongolian People's Republic], the Republic of Cuba and the SRV, which have exports of a seasonal nature, favorable interest rates have been set: for the MPR and SRV--from 0.5 to 1.0 percent, and for the Republic of Cuba--from 0.5 to 2.0 percent annually.

The IBEC also sets interest rates for deposited funds in transferable rubles. Thus, for example, for money in collective currency that is held in current accounts, an annual interest rate of 1.5 percent has been set. For deposits in transferable rubles the following annual interest rates are in effect (depending on the period of deposit): up to 3 months--2.5 percent; up to 6 months--3.5 percent; up to 9 months--3.75 percent; and for deposits of 12 months and more--4.0 percent.

At the same time that the IBEC began its activity, the transferable ruble, the CEMA member-countries' international, socialist collective currency, began to function. The transferable ruble is currency that has the nature of credit money of the socialist type. The total emission of transferable rubles is in the form of credit. Part of this emission occurs in the current plan

period directly in the form of IBEC credit. In addition, part of the transferable rubles are included in credit channels through the interstate advancement of credit. But the bulk of the emission of transferable rubles enters circulation through the sphere of settlements. However, even in this sphere the emission of transferable rubles has its origin in credit, since accounts are settled with money (in transferable rubles) that is held in current accounts and in the IBEC deposits of member-countries' agent banks. This money appears as the result of the export of goods and provision of services, i.e., to all intents and purposes, it is the same money in transferable rubles that was obtained as credit from the IBEC in previous years.

In acting in the CEMA countries' international market as currency, the transferable ruble performs its inherent monetary functions as a measure of value, a means of payment and a means of accumulation.

The transferable ruble performs the function of a measure of value in the setting of contractual prices in mutual trade among the CEMA countries, as well as in the appraisal of jointly constructed facilities and in several other spheres of mutual economic and scientific-technical cooperation among CEMA member-countries. In addition, the transferable ruble is used with the help of special coefficients in translating settlement balances related to non-commercial payments from the national currencies of the CEMA countries into their collective currency.

The planned nature of the use of the transferable ruble permits the CEMA countries to avoid sharp price fluctuations in their international market. The practice of setting prices in this market, i.e., the annual adjustment of prices on the basis of their average annual level in the principal world markets over the past five years, allows the countries to forecast price movement with a high degree of accuracy and to plan their foreign trade on this basis.

The essence of the transferable ruble as a currency for a market organized in a planned fashion is most clearly evident in its performance of the function of a means of payment. This function manifests itself primarily in the sale of goods on credit in the world market. Thus, its exercise depends on the presence in the CEMA member-countries' international market of appropriate quantities of goods, i.e., on the availability of sufficient goods to cover transferable rubles. This coverage is provided by the mass of various goods and services that enter in planned fashion into these countries' mutual exchange. Given the presence of coordinated plans for mutual deliveries, the use of the transferable ruble gives every CEMA country the possibility of choosing a supplier and purchaser and the time and place of sales and purchases. The CEMA member-countries pay in transferable rubles for mutual deliveries in accordance with the coordination of their plans, trade agreements and other accords.

Planning the goods that are to be made available to cover transferable rubles as early as the stage of coordinating the CEMA countries' national economic plans, and in the process of preparing and signing five-year trade agreements



and annual protocols contributes significantly to the stability of the collective currency, which is based on the planned and crisis-free development of the CEMA member-countries' economy and foreign-trade relations.

The transferable ruble also functions as a means of accumulation. This function manifests itself in the formation of the credit resources of the IBEC and the IIB (International Investment Bank). The accumulation of transferable rubles is carried out in a planned fashion in IBEC member-countries' current accounts and in the form of their deposits in that bank, as well as in the form of the basic capital and special funds that may be created in the IBEC and IIB.

The release of transferable rubles into circulation is carried out on the basis of the IBEC's credit plan. Questions pertaining to the IBEC's credit planning have been elucidated in a whole series of studies of this problem.\*

The practice of planning credit and resources in the IBEC has changed since the first years of the bank's operation. Initially credit planning was done on a quarterly basis. But analysis showed that this periodicity of drawing up plans had certain shortcomings. In particular, the planning of credits for the first quarter was not in keeping with countries' real requirements, since as of the time that the agent banks' statements of credit requirements were drawn up for this period, negotiations between member-countries' competent agencies for the plan period were usually not entirely complete. More complete fulfillment of the credit plan would occur in the second and third quarters of the year. A discrepancy between the member-countries' statements of credit requirements and their actual requirements would manifest itself again in the fourth quarter, since substantial receipts of export earnings occurred in that period.

Therefore, the countries shifted to a system of annual credit planning, with six-month breakdowns. Agent banks' statements of credit requirements serve as a basis for drawing up the bank's credit plan; the IBEC's own data may also be used as a point of departure.

The countries' statements of credit requirements are drawn up and presented to the IBEC annually. They are worked out on the basis of plans for the development of these countries' national economies and foreign trade, as well as trade agreements, contracts and other documents that determine the amount of receipts and payments in transferable rubles. Annual statements of credit requirements are subdivided into six-month periods. Along with them, calculations of receipts and payments are drawn up, which are indicated as a running total from the beginning of the plan period.

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\*See, for example: V. Karpich, "Bank sodruzhestva ravnykh" [Bank of the Commonwealth of Equals], Moscow, 1966, pp 132-135; and A. Ya. Rotleider, "Mezhdunarodnyye kreditnyye organizatsii stran-chlenov SEV" [International Credit Organizations of the CEMA Member-Countries], Moscow, 1973, pp 64-67.



In determining the amount of fixed-term credit for each country, the IBEC uses necessary measures for the mutual linkage of the planned volume of settlements and also takes into account the balance of member-countries' funds in transferable rubles in their current accounts and deposits, or their indebtedness to the IBEC as of the beginning of the plan period.

Verifying the substantiation of statements of credit requirements is an important area of the IBEC's work in the planning of credit and resources. In principle, the sum of agent banks' receipts should equal the sum of their payments, since the settlement of accounts between them is of a mutual nature. Thanks to this, it is possible for the IBEC to determine whether a statement of credit requirements that has been drawn up is realistic and substantiated.

The essence of the IBEC's credit plan consists in the need to balance both of its constituent elements, i.e., resources and their allocation. The IBEC member-countries can be subdivided into two relative groups: those with active balances and those with passive balances.

The positions of the IBEC member-countries' agent banks (the positive or negative balances of their accounts) are not rigidly given and may change. With the use of the existing system of multilateral settlements and advancements of credit, the IBEC always has sufficient monetary funds for the short-term credit needs of the agent banks. Thus, countries that have acted as creditors for a given period later begin to use the bank's credit themselves. In this fashion a dynamic equilibrium is maintained between the bank's resources and the allocation of them. As G. G. Mazanov has noted, "this situation stems from the fact that the IBEC carries out settlement and credit relations within the framework of a closed circle of countries in which every credit operation with respect to a given country is connected with the formation of temporarily uncommitted funds by another country. . . Every credit operation automatically has a source; in other words, the growth of debit balances is the obverse side of the growth of credit balances."\*

In the process of the development, drafting and fulfillment of the IBEC's credit plan, the amount of the emission of transferable rubles in the current plan period is, to all intents and purposes, determined. In this connection it is understandable that a realistic credit plan indicates the presence in circulation of a sufficient quantity of transferable rubles to meet the requirements of the planned, organized economic cooperation among the IBEC's member-countries; to an equal extent, it means that sufficient goods are available to cover the transferable rubles. Consequently, credit planning in the IBEC is an important instrument used to achieve a correspondence between the movement of goods and services in the CEMA member-countries' international market and the emission of transferable rubles.

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\*G. G. Mazanov, "Mezhdunarodnyy raschety stran-chlenov SEV (voprosy razvitiya i sovershenstvovaniya)" [International Settlements Among the CEMA Member-Countries (Questions of Development and Improvement)], Moscow, 1970, p 72.

The IBEC's settlement and credit activities are steadily developing. Thus, in 1982 the total volume of the bank's settlement, credit, deposit and other operations came to 259.3 billion transferable rubles. The level of mutual settlements among the member-countries rose 15.4 percent over the year to reach 161.8 billion transferable rubles. Of this sum, 92.5 percent of the settlements were connected with trade turnover. In 1982 the bank advanced credits totaling 12.4 billion transferable rubles, or 5.2 percent more than in 1981.

The IBEC has been operating for 20 years now. During all this time the bank has successfully and effectively serviced mutual ties among the CEMA countries. And in its work it will continue in the future to develop its activities in deepening and expanding planned, organized economic cooperation among the countries of the socialist commonwealth.

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## USSR-CEMA TRADE

### HUNGARIAN STRESSES CEMA COORDINATION, PLANNING

LS291756 Moscow TASS in English 1613 GMT 29 May 84

[Text] Moscow, 29 May TASS--The members of the Council for Mutual Economic Assistance (CEMA) have begun "dovetailing" their national economic development plans for the next five-year period.

"The significance of this work is exceptional", Andras Zsolnay of Hungary, deputy head of the Department of Joint Economic Works of the CEMA Secretariat, told a TASS correspondent. "Coordinating the national economic development plans," he said, "provides in essence the foundation for the entire system of the international division of labor between socialist countries. It is for this reason that the heads of government of the CEMA countries, who came together for a CEMA session last fall, paid much attention to preparations for coordinating the plans for 1986 through 1990. The CEMA agencies have been given corresponding instructions, and they are being fulfilled."

Andras Zsolnay called attention to the fact the socialism's foes of late have intensified their attacks on the principle of socialist planning. Some Western "researchers" have gone to the length of claiming that plans are almost a brake on economic development.

"The best retort to these allegations is reality itself," Andras Zsolnay said. "And the reality is this: The CEMA countries were and remain the most dynamically developing group of states in the world. While accounting for some ten percent of the world's population, they are responsible for about 25 percent of the overall national income in the world and for one-third of the world's gross industrial output. Industrial production in the CEMA countries is roughly twice as large as that in the Common Market."

"The successes are based on the advantages of the socialist system, one of which is plan-based economic development," the Hungarian economist stressed.

"As to bourgeois propaganda attempts to question the principle of planning on both national and international scales, they are nothing new," he went on. "Suffice it to recall how more than half a century ago the young Soviet Republic's enemies derided its five-year plans. Later, in post-war years, the introduction of planning in newly-proclaimed socialist countries came under similar vituperations."

The invective against plan-based economic management is an attempt by socialism's adversaries to destroy the cornerstone of the socialist system of production, Andras Zsolnay said.

"Of course, we have not yet achieved the ideal in our cooperation in the field of planning," he added, "and we know this ourselves, without prompting from outside. Every person, who has carefully studied the proceedings of the last CEMA session, could not but notice the general desire for improvements in cooperation in this important sphere."

"The road followed by the CEMA countries is not that of a renunciation of planning but that of an ever fuller use of its advantages," Andras Zsolnay said.

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## USSR-CMEA TRADE

### COMPUTER SYSTEMS IMPORTED FROM GDR

Moscow FOREIGN TRADE in English No 5, May 84 p 29

[Unattributed article under the rubric: Information": "An Important Contract Between Electronorgtechnica and Robotron Export-Import"]

[Text]

Wider specialization and cooperation in the development and production of computer facilities and the steadily growing mutual trade in this type of products is a successful example of the CMEA member-countries' cooperation.

The All-Union Foreign Trade Association Electronorgtechnica and the foreign trade enterprise Robotron Export-Import (GDR) recently signed in Moscow a large contract on mutual deliveries of computers worth 268 million rubles. These deliveries have become possible thanks to long-term fruitful cooperation in computer engineering between the USSR and the GDR.

In 1984 both countries' economies will receive a considerable number of large highly effective computers. The computer-producing complex, Robotron, the largest in the GDR, will supply the USSR State Bank with ES 1055M dual computer systems, specialized minicomputers and bank connecting terminals.

The German Democratic Republic will for the first time export to the USSR State Bank equipment for the automatic control system. This has been created on the basis of the multi-computer system, complex, designed and manufactured by the joint efforts of the two countries' specialists.

The USSR State Bank automatic control system is a result of latest

achievements of the Soviet Union and GDR in computer engineering technology and the development of computer distributed systems.

The automatic control system can process data fed in from more than a hundred offices of the USSR State Bank in Moscow and Moscow region. In the teleprocessing regime the system can receive and process up to 450,000 documents from enterprises and organizations in the Soviet capital and regions round it. This will considerably accelerate settlements, quicker money circulation, improve the bank's crediting relations, strengthen bank control.

At the contract signing ceremony Yu. Kislenko, Electronorgtechnica's General Director, D. Makhov, Vice-President of the USSR State Bank, F. Wokurka, Director-General of the GDR people's enterprise Robotron, and others pointed out that the automatic control system developed for the USSR State Bank was unique, and will herald a new stage in the efficient use of computer facilities in the USSR.

This contract on the delivery of computer facilities for the USSR State Bank shows that the socialist community countries' economies have on hand reliable modern computer equipment created by the fraternal cooperation of the CMEA member-countries.

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English translation, "Foreign Trade", 1984

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## USSR-CEMA TRADE

### LONG TERM SOVIET-HUNGARIAN TECHNICAL COOPERATION DISCUSSED

Moscow FOREIGN TRADE in English No 5, May 84 pp 20-21

[Article by Alexei Krokhotkin: "Meeting of the Soviet-Hungarian Commission"]

[Text]

The Intergovernmental Soviet-Hungarian Commission on Economic, Scientific and Technological Cooperation considered a wide range of pressing questions related to various branches in their economies, science and technology at the 13th meeting last December. Decisions taken at the meeting have the aim of expanding and deepening interrelations between the economic branches of the USSR and Hungary.

Special attention was placed on the development of practical measures for realizing understanding reached during the visit to the USSR of Hungarian party and governmental delegation. In particular the Commission established the preliminary order and time-limits for preparation of a number of long-term agreements on large projects in the priority fields of cooperation: the agro-industrial complex, microelectronics, robotics and consumer goods production in particular.

Production and technical cooperation is very important in the two countries' economic ties. It develops on the basis of 82 multilateral and 31 bilateral agreements on specialization and cooperation in production. To date the USSR and Hungary have shared great successes in this field: the share of specialized products in Soviet export is about 20 per cent and in Soviet import about 40 per cent, the relative shares in the trade of machine-building products are much higher, being 62 per cent and 72 per cent respectively.

Guided by suggestions on activating the integrational processes in Soviet-Hungarian cooperation the Commission considered it necessary for the sides to instruct their corresponding planning bodies, ministries and departments of the USSR and Hungary to: clarify and expand the long-term programme and the 21 branch sub-programmes for developing specialization and cooperation in production up to 1995, in conformity with the advances made in contemporary science and technology;

consider when coordinating plans for the five-year period (1986-1990) the advisability of prolongation and expansion of all agreements in force on specialization and cooperation in production and scientific and technical cooperation after 1985.

A proposal at the meeting on further expansion of Soviet-Hungarian cooperation in a number of branches of economy was put forward by the Soviet side. It proposed that new cooperation be initiated on 114 most important problems and themes in the automotive and machine-tool industries, communications and radio industries, instrument making, machine building, tractor and agricultural machinery building, chemical and petrochemical industries, machine building for the light and food industries and other branches of their national economies. This proposal provides for, in particular, the organization of joint cooperative production of heavy-duty dump trucks, new models of cars, buses, a number of machines for agriculture; forming a machinery and equipment complex ensuring the wasteless processing of agricultural raw materials while producing food products through the application of technological processes and monitoring systems built on a microprocessor base, development of waste-recovery boilers and more efficient heat exchangers; design of new automatized technological processes and creation of technical means ensuring a considerable growth of the effectiveness of fuel and energy utilization in industry, agriculture, transport, in housing and public construction. The Commission recognized it necessary that the sides instructed corresponding ministries and departments to consider these proposals and prepare cooperation

agreements on subjects of mutual interest.

Measures to expedite the Soviet Union's assistance in constructing a number of important projects in Hungary, the Paks atomic power station included, were agreed at the meeting. The Hungarian side appreciated the quick solution of problems concerned with the construction of an oxygen steel-making converter shop installations of the Danube iron-and-steel works and problems related to the development of some coal pits and thanked the Soviet side for the efforts it had made.

Hungary's participation in reconstruction and reequipping of a number of Soviet enterprises such as: the Likino bus works, refrigerator-producing enterprises, radio and TV repair shops, factories turning out other domestic appliances, the construction of bakeries, mechanized means and other projects was discussed. Already signed is an agreement on Hungary's participation in technically reequipping the Krasnodar furniture factory which will nearly double its output. The Commission considered it expedient to charge certain ministries with assessing the possibility of Hungary's participation in reconstructing the Tbilisi, Baku, Kiev and Bobruisk sewing factories, as well as the Isani shoe-making production association in Tbilisi. Taking into account the positive experience gained in this field of cooperation an understanding was reached on expediting preparations of agreements on Hungary's participation in modernizing some Soviet enterprises.

The meeting considered the cooperation of ministries and departments in the Soviet Union and Hungary on designing and putting new types of machines and technologies into production in the currently running five-year plan period (1981-1985). Scientific and technical cooperation in this field is being carried out on 34 subjects, on the basis of 17 agreements and 22 contracts. In 1981-1983 seventeen new types of machines, equipment and instruments as well as four new technological processes were developed, in particular:

equipment for monitoring gas supply systems installed along the Bukhara-Ural gas pipeline;



samples of graphite moulds for the continuous casting of copper skelps, which will be delivered to Hungary in 1984;

a block installation for regulating working substance consumption in gas-lift operation, which successfully passed all tests;

highly efficient synthesis technology of phenol spirits for production of mineral-wool plates used at the Norilsk works.

The Commission considered also other questions of Soviet-Hungarian cooperation and took decisions, in particular:

a model interdepartmental Soviet-Hungarian agreement on specialization and cooperation in production, which the ministries and departments of the two countries will follow while preparing production cooperation agreements, was approved;

measures on the provision of non-delivered commodities accumulated as per the Protocol on trade turnover for 1983 and on balancing mutual settlements in 1984 were agreed;

terms and time limits on preparation of agreements on specialization and cooperation in production of machines for vegetable-growing and plant protection chemicals, acetic acid, catalysts for the nitrogen industry and the carriers for their production were specified;

measures for further improving the functioning of transport to assure planned shipments of foreign trade goods between the two countries in 1984 and streamlining of the border stations in the Chop-Batev and Zahony districts, as well as efficient operation of railway rolling-stock and acceptance of trains to agreed movement schedules were also finalized.

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## USSR-CEMA TRADE

### IZVESTIYA ON WORKINGS OF USSR-GDR COOPERATION BODY

PM030843 [Editorial Report] Moscow IZVESTIYA in Russian 29 April 1984 morning edition carries on page 5 under the rubric "How Is It Done" a 2,000-word article by its special correspondent V. Zakharko titled "Between the Lines of the Protocol."

The article is devoted to the work and effect of the Soviet-GDR intergovernmental commission for economic, scientific, and technical cooperation, and begins with a description of a meeting between the author and Yuriy Sergeyevich Medvedkov, chief of the secretariat of the commission's Soviet part. Zakharko goes on to say that the Soviet part is chaired by L.A. Kostandov, deputy chairman of the USSR Council of Ministers, and also includes Minister of Light Industry N.N. Tarasov, Minister of Chemical Industry V.V. Listov, Minister of Electrical Equipment Industry A.I. Mayorets, Deputy Gosplan chairman N.N. Inozemtsev, and "a number of deputy ministers, including the deputy minister of foreign trade--a total of 12, including the responsible secretary." The 12-member GDR part of the commission is headed by Deputy Chairman Gerhard Schurer. He quotes Medvedkov's assurances that although not all interested parties are represented on the commission, each one of its halves "expresses the interests not of individual departments but of its state."

Under the subhead "Government Directive" the author describes how cooperation projects are initiated as an idea by the commission and followed by a government directive asking for further study, saying that "it is fully natural that not all initiatives encounter identical support in Moscow and Berlin, "and gives the reasons why this may be so: Incomplete correspondence with national economic plans, insufficient means of resources, greater merit for projects in other countries, or minor economic effect. He also describes the successful cooperation project which began 8 years ago between the Moldavian "Floare" Association and the GDR in the manufacture of footwear.

Under the subhead "Between Two Sitzings" Zakharko writes about the day-to-day work of the commission between sessions and describes successful production sharing in the paper industry.

The last section of the article is under the subhead "The Ways to the Billions" and deals with the 1984 trade turnover protocol, outlining the successes of past cooperation and the future prospects of USSR-GDR cooperation in the textile and electronic industries.

Zakharko concludes his article with the following quotation from Medvedkov:

"There is no general model for all intergovernmental commissions in which the Soviet Union's partners are socialist countries," Yu. Medvedkov said. "Each one organizes its work taking into account the economic and structural peculiarities of its countries and combining their interests with the interests of the entire community. And we all are striving to improve bilateral cooperation. There is a quest for a system which would offer broader opportunities for direct, fast, and flexible links between ministries, enterprises, and institutes, would simplify many outdated rules, and enhance the responsibility of parties for the implementation of agreements. These are complex tasks, but we are fully determined to resolve them together and on a large scale."

CSO: 1825/123

## TRADE WITH INDUSTRIALIZED COUNTRIES

### ANTONOV OPENS AGRIBUSINESS EXHIBITION

PM041510 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 30 May 84 p 2

[TASS report: "Exhibition Opens"]

[Text] Specialists and the guests of the international exhibition which opened in Moscow 29 May were given a rare and instructive opportunity to see the entire range of modern agricultural machinery all at once. Enterprises, organizations, and firms from 26 countries--the world's largest producers of equipment needed by working people in fields, orchards, and stock farms, are showing the best examples of their output at the "Selkhoztekhnika-84" exhibition.

The year's largest specialized exhibition to be held in the Soviet capital, it has gathered together hundreds of tractors, loaders, soil cultivating machines, and transporters in pavilions and open spaces in Moscow's Sokolniki park and the Krasnaya Presnya complex. There are numerous exhibits of equipment for the cultivation, harvesting, and processing of basic crops and feed production and for the comprehensive mechanization of labor in animal husbandry and poultry farming. There is great interest in the equipment for the maintenance and servicing of machinery.

The international exchange of advanced experience plays a large role in accelerating the intensification of agricultural production. This is the fourth exhibition in this sphere to be held in our country.

The USSR section--the largest in the exhibition--reflects the measures for the further development of agriculture envisaged by the decisions of the 26th CPSU Congress and the subsequent party Central Committee plenums. During the period through 1990 the country's industry must ensure a considerable improvement in the technical standard of machines and equipment for this purpose and achieve a transition to the production of systems and complete installations consisting of the most productive and economic equipment.

An important role in the solution of this task has to be played by the fruitful cooperation among CEMA member countries on the basis of the comprehensive

program of socialist economic integration. The progress in its implementation is convincingly shown by the sections of exhibits from Bulgaria, Hungary, the GDR, Poland, Romania, the CSSR, and the SFRY. The exhibit is of many other countries are also rich in content.

A.K. Antonov, deputy chairman of the USSR Council of Ministers, attended the gala opening ceremony of the exhibition.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### EKONOMICHESKAYA GAZETA SUPPLEMENT ON NORWAY TIES

PM301825 [Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 1984 (signed to press 14 May 1984) contains a 12-page supplement devoted to the development of Soviet-Norwegian trade and economic relations and published in connection with the 60th anniversary of the establishment of diplomatic relations between the USSR and Norway.

The supplement opens with the following introduction:

"This advertising and information supplement to EKONOMICHESKAYA GAZETA No 21 of 1984 is devoted to the development of Norwegian-Soviet trade and economic relations. It has been prepared by the editorial office of the Norwegian business circles' newspaper NORGES HANDELS OG SJOFARTSTIDENDE and the "Vneshtorgreklama" All-Union Association.

"The newspaper NORGES HANDELS OG SJOFARTSTIDENDE is simultaneously publishing in Oslo a supplement devoted to the USSR national exhibition in Norway. It has been prepared by the EKONOMICHESKAYA GAZETA editorial office and the "Vneshtorgreklama" All-Union Association."

The supplement begins with articles by Norwegian Minister of Commerce and Shipping Ashbjorn Haugstvedt and USSR Minister of Foreign Trade Nikolay Patolichev, both 1,100 words and carried on pages 1 and 3, titled "We Look With Optimism on the Development of Economic Relations Between Norway and the USSR" and "On the Basis of Equal Rights and Mutual Benefit" respectively. According to Patolichev, "Soviet-Norwegian commodity turnover has increased from R127.6 million in 1980 to R181.9 million in 1983, in other words by almost 50 percent."

Vladimir N. Sushkov, USSR deputy minister of foreign trade and chairman of the Soviet part of the Soviet-Norwegian Intergovernmental Commission for Economic, Industrial, Scientific, and Technical Cooperation, writes in a 1,000-word article on page 4 titled "USSR-Norway: Steady Growth, Broad Prospects" about the prospects of Soviet-Norwegian trade and cooperation. The same subject is covered in a 1,000-word article by Arne Langeland, administrative director of Norway's Export Council, titled "Norway-USSR: In the Interests of Both Countries," published on page 5.

Page 6 is devoted to a 900-word article by Erik Cameron, editor in chief of NORGES HANDELS OG SJOFARTSTIDENDE, titled "Open Door" and dealing with the development of Soviet-Norwegian trade, and a 1,500-word article by Knut Lofstad, administrative director of Norway's Industrial Council, titled "Norway: A Modern Industrial State," outlining Norway's economic successes and potential.

A 1,000-word "review" by NORGES HANDELS OG SJOFARTSTIDENDE carried on page 7 describes the development of Norwegian industry; it is titled "Awakening World Market Stimulates Norwegian Industry," a similar "review" totaling 700 words carried on page 8 and titled "Norwegian-Soviet Trade in 1983" examines the development of trade between the two countries.

A 700-word article attributed to the firm Pomor-Nordic Trade, carried on page 9 under the title "Pomor Trade on the Rise," examines the development of border trade between the USSR and Norway.

In a 1,000-word article on page 11 titled "An Instrument for Expanding Business Contacts" German I. Sakulin, deputy chief of a main administration at the USSR Ministry of Foreign Trade and chairman of the Soviet part of the permanent working group on USSR-Norwegian economic and industrial cooperation, examines the functions and effect of the working group.

The supplement concludes with a 900-word "review" by "V.L." titled "Opening up the Norwegian Shelf: Present State and Future Prospects," which examines the development of Norway's North Sea oil extraction industry.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### AUSTRIAN METALS OFFICIAL DISCUSSES TALKS WITH TIKHONOV

LD281533 Moscow Domestic Service in Russian 0930 GMT 28 May 84

[Correspondent Viktor Mikheyev report from Vienna]

[Text] Economic cooperation between the Soviet Union and Austria continues to develop. Herbert Upzeiter, general director of the Austrian state metallurgical concern Voest-Alpine, is back from Moscow, where he was received by Nikolay Aleksandrovich Tikhonov, chairman of the USSR Council of Ministers. In an interview to Soviet radio Herbert Upzeiter said:

[Begin Upseiter recording in German, fading to Russian translation] My conversation with Nikolay Aleksandrovich Tikhonov, chairman of the Council of Ministers, was very important and constructive. I am very glad that the Soviet Union is ready to develop economic cooperation with Austria, particularly, with our enterprise. Fruitful economic cooperation between Austria and the Soviet Union is a vivid example of the great benefit brought to the peoples by the principles of international detente and good neighborly relations between states with different social systems. In 1983, the Austrian concern Voest-Alpine sold to the Soviet Union a total of 430,000 metric tons of steel rolling stock and 150,000 metric tons of pipes, dispatched equipment for metallurgical works in Zhlobino, which will be completely built by the Austrian concern; and sold tens of river vessels. On its side, the Austrian concern bought in our country 340,000 metric tons of coal and 1 million metric tons of iron ore. Comrade Nikolay Aleksandrovich Tikhonov, chairman of the USSR Council of Ministers, has stressed the special importance of a long-term nature of the cooperation between the Austrian concern Voest-Alpine with Soviet foreign trade organizations, which serves not only the interests of our two countries but also facilitates improving the international situation. [End recording]

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### BRIEFS

**SOVIET-FINNISH TRADE CONTRACTS**—Under contracts signed by the All Union Tekhnopromimport and Prommashimport foreign trade associations with the Finnish firms (Retatorg), (Finnstroy), (Tampella) and others, our nation will receive equipment for enterprises of the meat and dairy and the pulp and paper industries. Under contracts between the All-Union Sudoimport Foreign Trade Association and the Finnish (Velmet) joint stock company, the 500th vessel built to order for the Soviet Union was recently turned over the Soviet side. (Velmet) is presently building lighters, arctic dry-cargo ships and other vessels under order from the Soviet Union. The company is also providing our nation with lumber loaders and equipment for the pulp and paper industry, and is purchasing Soviet machine tools, electric motors, ship and other equipment. Cooperative ties are being established in the production of lumber loaders, papermaking equipment and a number of other items. [By S. Nikolayev] [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 12, Mar 84 p 21] 11499

**COUNTERTRADE WITH 'MONTEDISON'**—The Italian chemical concern, Montedison, which is one of Italy's five largest industrial corporations, plans to develop more extensive cooperation with Soviet organizations on a long-term basis. This was recently reported by the concern's president M. (Skimberni), who was recently in Moscow, in a talk with Soviet journalists. He remarked that a compensatory agreement concluded in 1973, under which the concern was to deliver equipment for nine chemical plants to the USSR in exchange for their future output, is being successfully fulfilled. In the 10 years which have elapsed since then trade turnover between Montedison and Soviet organizations has reached 2.5 billion dollars. M. (Skimberni) stated that his meetings in the USSR Gosplan, the GKNT [State Committee for Science and Technology], the Ministry of the Chemical Industry and the Ministry of Foreign Trade would make it possible for the concern to coordinate directions of future collaboration with the Soviet side on the basis of the national economic plan being worked out in the USSR for the period 1986-1990. [By B. Rachkov] [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 12, Mar 84 p 21] 11499

**BUSINESS WITH ITALY'S 'ENI'**—Trade turnover between Soviet foreign trade associations and the Italian ENI concern amounted to around 2.4 billion dollars last year. This was reported by M. (Realì), head of the ENI's Moscow office, in a talk with journalists. He stated that the concern had purchased large quantities of energy carriers, ammonia and other goods and had delivered equipment for gas pipelines and for the chemical, petrochemical and textile industries. Almost all of the firms making up the ENI have participated in the business

collaboration with the USSR, including (Adzhil), (Snam), (Nuove Pin'yone), (Savio) and (Enikimika). "This year," M. (Reali) announced, "we intend to expand collaboration with our Soviet partners in all areas. This includes, as an example, increasing purchases of Soviet goods and our participation in the construction of coal pipelines in the USSR and in the development of the continental shelf in the Barents Sea." [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 16, Apr 84 p 21] 11499

SOVIET-AUSTRIAN ENERGY MEETING—The third meeting of the Working Group for Power Engineering and Electrification of the Soviet-Austrian Joint Commission for Economic and Scientific and Technical Cooperation was held in Vienna. Questions pertaining to reciprocal deliveries of electric energy were discussed at the meeting, and the results from the operation of joint energy systems and possibilities for enlarging reciprocal services and shipments of goods in the field of power engineering were reviewed. The importance of developing bilateral cooperation in the field of environmental protection, the efficient utilization and conservation of heat and electric power, and the efficient use of secondary resources was noted during the exchange of opinions. A protocol was signed at the end of the working group's meeting, which calls for the continued development of the main directions and forms of Soviet-Austrian collaboration in the areas discussed. [TASS] [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 17, Apr 84 p 22] 11499

CSO: 1825/108

GENERAL

## PROTECTIONISM IN INTERNATIONAL TRADE ATTACKED

Moscow FOREIGN TRADE in English No 5, May 84 pp 23-29

[Article by Prof Boris Vaganov and Prof Abram Frumkin: "Obstacles to Foreign Trade: Real and Imaginary"]

[Text]

I

The general growth of protectionism with its tangible influence on international capitalist trade and the world capitalist economy as a whole is a marked characteristic feature of the external economic policy of the industrialized capitalist countries in the late 1970s and the currently running 1980s.

The "new wave of protectionism", as this phenomenon is often referred to, aggravates the contradictions between the imperialist powers and their corresponding transnational monopolies, as well as the relations between these powers and the developing nations since protectionist measures affect many export items of the newly free states in large measure. There is an increase in the so-called "tariff escalation", i.e., the rise in the level of customs duties in proportion to the processing degree of the imported merchandise. The developing states are right in viewing the "tariff escalation" in the industrial capitalist countries as an obstacle to the development of their national processing industries. Today about 30 per cent of the developing nations' exports to the capitalist countries is subjected to various restrictions. According to GATT General Director Dunkel, protectionism is the main world trade problem. Access to the markets of the industrial capitalist countries and making this access easier for the young nations have because of these conditions become one of the latter's principal demands in their struggle for restructuring international economic relations, for establishing a new international economic order.

The growth of protectionism in the Western powers' external economic policies also finds reflection in the even higher discriminatory barriers, both tariff and non-tariff, against the exports of the socialist countries. Protectionism in the trade policy of the USA and some of its allies assumes in this case an especially aggressive character and is used as a means for putting political pressure on the socialist countries and for exerting crude interference in their domestic affairs. In combination with the ever more rigid export control and discriminatory credit policy, protectionism is becoming a component of the economic war which American imperialism is waging against the socialist countries and into which it is trying to draw its allies and partners.

Present-day imperialist protectionism is seen also in the growing tariff, and non-tariff barriers especially, in international capitalist trade (various measures of the state's interference in trade to the detriment of foreign exporters; the use, for protectionist purposes, of customs and administrative procedures of standards; the application of quantitative and other specific measures to restrict imports; the introduction of various levies on imported goods). A special place in protectionist policy goes to the "voluntary" restriction of export by a trading partner (commonly achieved by the importing country's economic and political pressure on this partner).

As tariffs on the majority of goods are reduced in the industrial countries, protectionism chiefly comes out in the form of non-tariff barriers: quotas, "voluntary" restrictions, measures for regulating the markets, agreements on the maintenance of prices, more active application of anti-dumping legislation, compensatory duties and safeguarding procedures, subsidies for export credits. As distinct from tariffs, many of these types of protectionism are of discriminatory character restricting the imports from only one country, and many of them are applied on the strength of administrative, and not legislative decisions.

Protectionist measures (tariff and non-tariff) are also applied on industrial and agricultural goods. Despite the completion, in 1979, of the Tokyo Round of multilateral trade talks and the numerous government statements in capitalist countries in favour of free trade these countries have introduced a great many restrictions: bilateral and

global quotas, automatic and discriminatory licensing, systems of minimal prices, seasonal restrictions and in some cases complete prohibition of imports, embargoes, and so on. By the beginning of the 1980s various import quotas had been set in the capitalist countries on almost 280 industrial commodities.

As for agrarian protectionism, its level in respect of food raw materials, especially in the West European countries, often amounts to between 60 and 200 per cent of the value. The level of actual protectionism in the form of value added after the production of foodstuffs in many cases is many times more than 100 per cent. Some of the most widespread systems of agricultural protectionism, for instance, variable duties, introduce a great deal of instability into international trade, affecting the interests of the developing nations especially.

Protectionist measures in the industrial capitalist states, now apply to an ever greater number of industries and commodities, including the most up-to-date products of mechanical engineering. At the same time the non-tariff restrictions and barriers applied are becoming more and more diversified. The general classification of non-tariff barriers in international trade, worked out by the GATT Secretariat, alone consists of five large groups and 27 subgroups with dozens of further sub-divisions.

The growth of all sorts of protectionist obstacles to the normal course of international trade is a manifestation of the marked deepening of the general crisis of the capitalist system, as pointed out at the July 1983 Plenary Meeting of the CPSU Central Committee. Among the immediate causes of this extremely negative tendency in international trade mention should be made above all of the increasing unevenness in the development of modern capitalism, the changing balance of forces and competitiveness between the three imperialist centres (the USA, Western Europe and Japan), between individual countries, the intensification of their struggles for markets, and trade rivalry. These struggles also involve some of the newly liberated countries which have turned into producers and exporters of some industrial goods that are now successfully competing with the Western powers in particular spheres.

Of no little importance is also the growing share of the transnational monopolies in capitalist foreign trade with their especially aggressive methods of obtaining control over markets (the utilization of their enterprises abroad,

including those in the so-called newly industrialized states, as a base for export expansion, the application of dumping prices, and the like).

The protracted and deep-going economic crisis that has gripped the capitalist world for several years now (only in 1983 did individual countries show signs of some improvement in their economic situation) is also a factor stimulating protectionist tendencies. Each capitalist country is trying to attenuate the acuteness of the crisis or depression and to decrease unemployment (which, according to available forecasts, will continue to grow in 1984 as well, never mind the state of the economy), through imposing additional obstacles in the way of foreign goods import. This naturally brings retaliatory measures on the part of other countries trading with them: real trade wars break out now and again between individual countries. The following facts will illustrate the tension of trade rivalry in the capitalist world: for instance, such important items as Japanese exports to the USA of motor vehicles, steel, electrical instruments and textiles (they account for 37 per cent of Japanese exports to the United States) have already become objects of protectionist measures. There is a continuous increase in the number of complaints against the various restrictions in trade between the Common Market countries, although their application is at variance with the charter of this grouping based on the principles of the customs union.

All this, of course, has an adverse effect on the world capitalist market and the overall economic outlook of capitalism. Attempts to sink opponents in trade by protectionist measures only worsen the crisis for all participants in international capitalist trade, whose volume in 1982, for the first time in the postwar period, fell two per cent in physical terms and six per cent in terms of value. Increased protectionism had, of course, a great influence here.

Surveys by national and international organizations, economic writings, utterances by statesmen and scholars in capitalist countries abound in alarming admissions concerning the growing protectionism in foreign trade and its perilous consequences.<sup>1</sup>

The report of 27 prominent bourgeois economists from 14 countries on the present state of the world capitalist economy, which was prepared in December 1982 by the

Washington institute of international economic relations, opens with a noteworthy statement, saying that the world was going through economic crisis and the prospects of spontaneous overcoming the present deep recession were rather unreliable, till then the threat would remain of trade war and competing devaluations or financial bankruptcy, which could destroy the interdependent world economic system, formed in the postwar years.<sup>2</sup>

Early in 1983 the West German journal, *Development and Cooperation*, expressed the apprehension that protectionism in major trading countries would continue to grow. Calling upon the 6th UNCTAD session (June-July 1983) to wholeheartedly support the principles of free international trade, the journal warned that a "return to protectionism would seriously prejudice the prospects of economic recovery world-wide."<sup>3</sup>

This problem was also underlined in the *1982 Economic Bulletin for Europe*, prepared and submitted by the ECE Secretariat to the 38th session of the Commission (April 1983). As pointed out in the survey, over the past few years the world system of trade has witnessed growing protectionist tendencies and wider use of various non-tariff barriers; disputes between trading partners have become more and more frequent and serious, reflecting the growing differences on matters of trade policy. To all appearances, these tendencies are global and continue the tendency which began in the second half of the 1970s. Apprehensions were entertained to the effect that an increase in the number of protectionist measures would slow the necessary changes now taking place, increase the developing countries' difficulties in paying their debts and would even prevent an all-round economic recovery. Moreover, these measures when applied in practice will make a return to the former situation ever more difficult.<sup>4</sup>

The UNCTAD's survey, *Trade and Development Report, 1982*, disclosed the extremely adverse influence the Western states protectionist trade policy has on the economic situation of the developing countries. The extent to which protectionism disorganizes international trade can be seen, for instance, from the Multi-Fibre Arrangement, now prolonged by the industrial capitalist countries up to 1986 and affecting nearly one-third of the entire export of

finished articles from the developing countries. As the report noted, this Arrangement, signed to circumvent all the multilaterally agreed rules of international trade, institutionalizes the discriminatory practices now typically applied to a considerable portion of international trade.<sup>5</sup> It covers about 85 per cent of the trade in textile goods and clothes and contains over 3,000 quotas for different countries and various articles. These quotas hardly make it possible for the developing nations to increase their export of textile goods and clothes to any considerable degree.

In the World Economic Review for 1983 the UN Secretariat prepared a special section concerning protectionism as a further deviation from the free trade system points to the emergence of a new type of protectionism, more sectorwise in scale, more discriminatory and therefore disrupting international trade still further. This protectionism is spearheaded against specific suppliers and in large measure is based on non-tariff mechanisms.

The examples of such admissions, apprehensions and warnings in connection with the wave of protectionism now sweeping the capitalist world could be extended.

At their annual meetings the leaders of the Seven discuss (but not settle) the deep-rooted contradictions between their countries in the area of trade, all due to the growing protectionist tendencies and "trade wars" for sales markets. Not one of these contradictions was settled or even mitigated by their last meeting in Williamsburg (USA) in May 1983. In actual fact no decision was taken either on removing the protectionist barriers against the goods exported by the developing states to the Western countries. As the British Prime Minister, Margaret Thatcher, was compelled to admit at that meeting, saying that all blamed protectionism, but almost every country practised it up to a certain extent. Finally, the participants in the meeting referred this question to their financial ministers for further discussion.

Events now taking place in the foreign trade policies of the industrial capitalist countries find confirmation in the analysis of the problems of protectionism and "free trade" in the works of Marx, Engels and Lenin.

Present-day protectionism is, on the one hand, a very sharp weapon in the struggle between the three imperialist centres on the world capitalist market, and on the other, a



means contributive to imperialist exploitation of the newly independent states. Moreover, the protectionist foreign trade policy coupled with special discriminatory measures is aimed at undermining normal and economic ties between the capitalist and socialist countries. In this area, however, particularly conspicuous are the contradictions between entrepreneurs of different countries (for instance, between American and West European companies), as well as "between different factions of entrepreneurs in a given country"<sup>6</sup> (for instance, between the military-industrial monopolies of the USA and the American firms interested in developing their trade with the Soviet Union).

Monopolistic protectionism today has a strongly pronounced aggressive character: it has as its aim not only the protection of the internal markets in the interest of the monopolies of the respective countries but also the cornering of foreign markets with the aid of government and private export subsidies.

In the generalizing document of the 6th UNCTAD Session, the Statement of the UNCTAD countries-participants, it is noted that the protectionist tendencies have retarded the development of world trade, exports included. The detailed resolution on trade /159(VI)/ points to the need to stop protectionism and systematically work on the reduction and elimination of quantitative restrictions, or adopt measures producing a similar effect. In the section on the international trade system, the Trade and Development Board is instructed to continue its work "while wholly respecting the principles of most-favoured-nation treatment and non-discrimination."

Characteristically, the industrial capitalist countries voted against the Session's Resolution 152(VI) "Rejection of Coercive Economic Measures", which points out that all industrial countries should refrain from the use of trade restrictions, blockades, embargoes and other forms of economic sanctions incompatible with the provisions of the UN Charter.

The growth of protectionism, the application of various discriminatory measures and even the so-called "sanctions" in the trade policy of the Western powers are in conflict with the documents agreed upon in the course of the all-European process initiated by the Helsinki Conference on Security and Cooperation in Europe.

As in the Final Act of the Helsinki Conference, the participants in the Madrid Meeting reaffirmed in its final document (September 1983) their intention to continue working on the reduction or gradual elimination of all sorts of obstacles to trade.

As for the Soviet Union, it consistently and unswervingly comes out in favour of just democratic principles in international trade. At the 6th UNCTAD Session A.N.Manzhulo, leader of the Soviet delegation, Deputy Foreign Trade Minister of the USSR, declared that the Soviet Union favours invigoration of UNCTAD's activity directed against the discriminatory application of protectionist restrictions and attempts to legalize the new discriminatory forms of protectionism, against the use of protectionist measures as a means for putting pressure on other countries, against trade restrictions being applied for non-economic reasons.

## II

In conditions of growing protectionism attacks have been intensified in the West in recent years against the trade policy of the Soviet Union and other socialist countries. All kinds of inventions, for instance, are being spread about "protectionism" supposedly practised by these countries. Protectionism (despite its non-existence) in the foreign trade of the USSR and other countries of the socialist community is written about in a series of works by Western economists, as well as in some surveys made by international organizations (for instance in the *European Economic Bulletin*, Vol. 31, No.1 and Vol. 32, No. 1).

In many books and articles by Western economists the foreign trade and external economic policy of the Soviet Union and other socialist countries are presented just as is the essence of the state monopoly of foreign trade, currency monopoly and the planned system of economy applied by these countries.

Attacks on the basic principles of Soviet foreign trade by bourgeois authors are not new activities for them. Recently, however, these attacks have predominantly been waged under the flag of false charges of protectionism. Moreover, they put a sign of equality between the protectionist trade policy of the capitalist states and the planned organization of the socialist countries' foreign trade as a state monopoly.

The questions of socialist foreign trade, its organization and methods are considered in categories which are actually inherent only in capitalist foreign trade and trade policy.<sup>7</sup>

If we are to reproduce the basic propositions on Soviet foreign trade, developed in these works with different variations, they reduce to the following.

As a starting point, as a "yardstick" with which to compare and evaluate the foreign trade of the USSR and other countries from the point of view of state trade in a centrally planned economy these authors take competitive free trade, although it is commonly admitted that competitive free trade can only be viewed as a purely theoretical concept without any real content.

From these positions the state monopoly of Soviet foreign trade and its planned organization are interpreted as a kind of deviation, restriction, a means of control, which (like tariffs and other protectionist measures in the capitalist countries) supposedly creates obstacles and restrictions in trade and represents a form of trade barriers. In this model of centralized foreign trade the planned directives or planned foreign trade as a whole are described as the main protectionist and discrimination instruments. On centralized directives, for instance, Canadian economist M. Kostecki writes, that they can determine the level of trade and its directions, export prices and so on and thus execute the policy of protectionism and discrimination.<sup>8</sup> The author goes on to assert that the existence of the state monopoly of foreign trade ... can ensure higher level of protectionism and discrimination or better conditions of trade than those which can be achieved under other equal conditions without it. Thus Western economists compare and in many respects equate the sequels of the state monopoly of foreign trade (in the USSR and other countries) with the results of the application of such instruments in capitalist protectionist policy as tariffs and quantitative limitations on imports.

Also quite frequent are cases when centralized planning in the socialist countries is looked upon in Western writings as a trade policy instrument possessing a restrictive character. It is asserted, moreover, that the very existence of such a plan adversely affects the volume and structure of a given country's foreign trade, and in the end, the volume and structure of international trade.

The principal defect of all such reasonings lies in the transfer of the categories, actually intrinsic only to the capitalist system of economy, to the economy and foreign trade of the USSR. Fundamentally different and

diametrically opposed are the socio-economic foundations on which socialism and capitalism rest (public socialist property of the means of production in the first case, and private capitalist ownership in the second case), also radically different are the foreign trade organization, the principles and methods of the foreign trade of the Soviet Union, on the one hand, and of that of the capitalist countries, on the other. The socialist economy of the USSR, its planned nature logically call for the planned arrangement of the country's external economic ties based on the state monopoly of foreign trade. One of the tasks of this monopoly is to protect the socialist economy from the play of the spontaneous market forces of the world capitalist economy (these forces, whose impulses primarily pass through foreign trade channels, cause no little damage even to the most developed capitalist countries, especially in periods of economic crises). It stands to reason, however, that this has nothing to do with the capitalist protectionist policy, that is a logical offspring of the private capitalist economy and competition between the monopolies on international markets.

The main idea of Western trade policy is to restrict competitive imports by way of protectionist measures and force exports. The main direction of Soviet foreign trade is to develop an all-round, mutually advantageous balanced commercial exchange. The entire system of the USSR's external economic ties is in no way intended to infringe the interests of other countries. The rapid growth of Soviet foreign trade (including the country's trade with Western firms) is a striking evidence of this. For the socialist economy, which has as its aim satisfaction of the growing requirements of the country rather than the drive for profit, imports are as desirable as exports and by no means represent an "inevitable evil" detrimental to the profit of local producers, causing increasing unemployment and the like, as is the case in the capitalist countries.

Soviet foreign trade is oriented above all on developing the country's productive forces and enhancing the general growth and efficiency of social production in the long term. The transient benefits from the constantly changing correlation of the national and international values and prices of individual commodities are not of primary importance here as compared with the strategical economic

task which calls for greater imports (especially of producer goods) rather than their restriction. That is why protectionism in foreign trade is the product of capitalism with its emphasis on exchange value prevalent in exports, and it contradicts the very essence of socialism with its emphasis on use value, dominating precisely in imports.

To expand imports the Soviet Union even resorts to foreign loans and credits (both government and private). Thus the entire planned activity of the Soviet state is aimed at expanding imports (of course, with due regard for the existing financial possibilities which are limited by the Western powers' discriminatory protectionist measures directed against Soviet exports), and not at their restriction.

In an attempt to ascribe to the activity of the socialist countries' foreign trade organizations a protectionist orientation, Western economists often identify these organizations with private monopoly firms, alleging that state organizations influence trade and restrict it just as private companies do in conditions of monopolist competition, and therefore, they say, their activity entails the same restrictive consequences.

This "argumentation" was used, for instance, by Western representatives in the UN Commission on Transnational Corporations, in order to absolutely wrongly extend the competence of this commission to the socialist countries' foreign trade associations.

There is no need to say that this identification is untenable in theory as well as in practice. Radically different are the socio-economic natures of these two types of establishments, their aims, principles and results of their activity. Anti-import, autarchic orientation is foreign to Soviet external trade policy, and in their activity the country's foreign trade associations, most of which are both exporters and importers, are full of initiative in carrying out export and import plans, making proposals for augmenting their trade turnover targets whenever favourable commercial conditions arise. They take an active part in the elaboration of these plans and their corrections.

The thesis about imaginary protectionism in Soviet foreign trade is often served up in Western literature with attacks on the USSR internal price system, which has no connection with world prices. Moreover, the difference

between internal and world prices, which tells on the financial results of the activity of Soviet foreign trade organizations and their interrelationships with the state budget, is arbitrarily interpreted as "export subsidies", on the one hand, and "levies on imports", on the other. So, this system, too, is quite wrongly identified with the instruments of capitalist protectionist policy. In the given case Western economists apply to the socialist countries the so-called "traditional approach" (i.e. the factual method only applicable to the capitalist countries) according to which the level of protectionism is determined by the difference between internal and world prices. The more the internal prices exceed the world prices, they say, the higher is this level. Comparing these prices some authors arbitrarily manipulate exchange rate, declaring the official exchange rate of the socialist countries' currencies "overstated."

This way of thinking is based either on a deliberate distortion of the real state of affairs or (as it also happens) simply on a misunderstanding. The USSR's own internal price base is one of the advantages of the socialist economy ensuring, among other things, a high degree of stability of these prices (which, of course, does not preclude the possibility of them being changed in a planned manner), stability of money circulation increases in not only cash value but also in real wages terms, and so on.

As concerns Soviet foreign trade, it is conducted in world prices. World prices (with certain corrections) are the basis of settlements between the CMEA member-countries. The level of internal prices in general does not exert any serious influence on the volume of imports and exports. The volume of Soviet imports from the capitalist and developing countries predominantly depends on the available currency resources which, in turn, are determined by the volume of exports (of goods and services) and receipts from them (in their entirety and from one or another country and group of countries). The question is thus concerned with the normal principles of international trade, which are being consistently embodied in the trade policy of the Soviet Union and other socialist countries. Not one of these countries is desirous of expanding exports without increasing imports (exactly what the capitalist countries and their monopolies are struggling

around with the use of a wide range of protectionist measures), but at the same time, naturally, they cannot import more without exporting more.

Neither overt nor covert "export subsidies" or "levies on imports" exist in the USSR. The volume and structure of exports and imports are determined in a planned manner, and the settlements of foreign trade associations with industrial and other enterprises (suppliers of export products and consumers or consignees of imported goods in the USSR) and with the state budget are an entirely internal affair and have no relation whatsoever with any of these associations' foreign partners.

### III

The false conception of so-called "protectionism" in the USSR (and other socialist countries), which distorts the very idea of the state monopoly of foreign trade, by no means pursues only "theoretical" aims, it also has quite practical aspects. From this conception come the Western countries' groundless claims to "concessions" from the USSR (and other CMEA members). They make normalization of the West's trade policy with respect to the USSR (and other socialist countries), in particular, discontinuation of their discriminatory protectionist policy and possible granting of most-favoured-nation treatment to these countries dependent on these "concessions."

This question has a long history. It was repeatedly raised and discussed in the UN Economic Commission for Europe and within the framework of the UN Conference on Trade and Development.

When discussing the question of East-West trade in the ECE, Western representatives try to prove that the principle of most-favoured-nation treatment cannot serve as a basis of relations between countries with different social systems, for its meaning in relations between capitalist countries, they say, differs from the meaning it has in relations between the capitalist and socialist countries. They use the following absolutely unworkable way of reasoning. They assert that in the trade between the capitalist countries the most-favoured-nation treatment applies practically to all kinds of government action which may affect competition between home

production and imports. Where the tariff protection is weak and there are no other import restrictions, the advantages of most-favoured-nation treatment enable manufacturers abroad to compete in favourable conditions not only with other foreign producers but with home manufacturers as well. At the same time, according to this way of reasoning, in the trade with the socialist countries with their state monopoly of foreign trade it is supposedly difficult to assess the benefits of most-favoured-nation treatment because the criteria they apply in choosing suppliers are allegedly not clear. Moreover, Western representatives allege that the practice of relations based on bilateral trade and payment agreements is difficult to reconcile with the principle of the most-favored-nation treatment.

In view of this they propose replacing this principle with the principle of so-called "efficient reciprocity." This principle was formulated most clearly in the draft resolution of the Belgian and Swedish delegations, submitted to the 15th session of the ECE Committee on Foreign Trade (1966). According to that draft resolution, the governments of the member-countries should try to reach efficient reciprocity based on measures producing a mutually advantageous influence on trade; moreover, they should strive for this efficient reciprocity by way of realistic and practical methods and it should be assessed on the basis of concrete and comparable results.

Western representatives in GATT take a similar stand when it is a question of admitting one or another socialist country into that organization. This conception and this stand are without foundation. First and foremost, the application of the most-favoured-nation treatment in trade between the capitalist countries and the USSR brings about real advantages not only to the Soviet Union but to its partners as well. This is manifested in the application of minimal tariff rates, easy terms of goods transit through Soviet territory, favourable terms for foreign physical and juridical persons, and so on. Most-favoured-nation treatment gives considerable advantages to the USSR's foreign partners in shipping, in particular, as concerns port charges, ships calling at ports, servicing of ships facilities and their crews in ports, unloading sequence, etc.



Most-favoured-nation treatment presupposes the equality of all partners on the market of a given country and excludes discrimination for whatever reasons. The principle of so-called efficient reciprocity, on the other hand, actually means an attempt to normalize trade by introducing additional concessions from the socialist countries. This would, in effect, be a return to the principle of relative most-favoured-nation treatment applied by the USA in the early 20th century and subsequently rejected by the entire practice of international trade. Finally, and this is most important, efficient reciprocity in actual fact means an attempt to legalize discrimination in international trade.

The Soviet delegations on the ECE, like the delegations of the other socialist states, have convincingly proved that the Western powers have no reason whatsoever to demand from the socialist countries any concessions in return for abandonment by these powers of trade policy discrimination (which is exactly the idea of the efficient reciprocity principle).

Such "theoretical" arguments and corresponding demands of the Western powers grossly contradict the Final Act of the Conference on Security and Cooperation in Europe, in which the participating states have recognized that the application of most-favoured-nation treatment would bring favourable impact on trade development and stated that they would strive for decrease or gradual elimination of all kinds of obstacles to trade development. The USA and some of its allies, however, are working in a directly opposite direction.

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The socialist system of economy, especially in the present stage of developed socialism built up in the USSR, is characterized by a striving for broad participation in the international division of labour. That is precisely why the Soviet Union consistently favours the broadest economic ties between East and West and is imparting to these ties a long-term and large-scale character on a preliminary agreed and planned basis. As a matter of principle, there are no economic obstacles to this, as there are no such obstacles in the way of a profound and stable international division of labour, production cooperation and scientific and technical cooperation between the USSR and the capitalist countries.

The above enumerations show that there can be no question of protectionism on the part of the USSR, however, some of the Western countries are not only practising overt protectionism they are also making incessant attempts (especially the USA) to turn this protectionism at times into an actual economic war against the Soviet Union. The USSR favours mutually advantageous economic cooperation with the capitalist countries. The experience gained in the 1970s, known as the years of détente, is clear evidence of the fact that such cooperation is possible, useful and necessary both politically and economically.

<sup>1</sup> See, for instance, *Intereconomics*, Hamburg, 1982, No.4

<sup>2</sup> Promoting World Recovery, Washington, December 1982, p.6.

<sup>3</sup> Development and Cooperation, 1983, No.1, p.10.

<sup>4</sup> 1982 Economic Bulletin for Europe, Chapter 3, p.307.

<sup>5</sup> *Trade and Development Report*, 1982, New York, 1982, p.26.

<sup>6</sup> V.I. Lenin, *Collected Works*, Vol. 2, Moscow, 1977, p.197.

<sup>7</sup> See, for instance, F.D. Holzman, *International Trade under Communism—Politics and Economics*, New York, 1976; *Soviet Economy in a Time of Change*, Washington, 1979; *Partners in East-West Economic Relations*, London, 1980; M.M. Kostecki, *East-West Trade and the GATT System*, London, 1979; *East-West Commercial Policy*, Wash., 1982; *East-West Trade at Crossroads*, N.Y., 1982; *State Trading in International Markets* Ed. by M. Kostecki, London, 1982; V. Trehmle, *Foreign Trade and the Soviet Economy*, Oxford, 1980.

<sup>8</sup> *State Trading in International Markets*, London, 1982, p.9

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## GENERAL

### INTENT OF WEST TO INCREASE TRADE RESTRICTIONS FORECAST

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[Article by Prof Leonid Sabelnikov, doctor of science (Economics): "Trends in the Development of the Trade Policy Means of Capitalist Countries in the 1980s"]

[Text]

The present system of trade and political means used by the capitalist countries for exerting a purposeful influence on international exchange is an intricate complex of economic and administrative measures. The latter are applied through or outside of market relations. The first group includes the means intended to endear imports or cheapen exports and enhance their competitiveness. The second group (administrative measures) comprises means for directly restricting imports, or giving practical aid to manufacturers of export goods through actions taken by the government apparatus.

At each stage of capitalism the means used to enforce its trade policy undergo modifications under the influence of the change in the composition of principal trading partners, the pattern of trade and the forms of external economic ties. It is highly important to understand the mechanism of the evolution of these means so as to forecast its possible directions and consequences for international trade development as a whole and East-West trade in particular.

Under premonopoly capitalism, when goods were simply purchased and sold on a free world market the commodity structure of trade was relatively simple and stable, customs tariffs were used as the main instrument implementing a country's trade policy. By imposing or increasing customs duties the state protected the home market and made foreign goods

less competitive. Cancellation of or reduction in customs duties in exchange for reciprocal concessions from trading partners and reimbursement of the duties on the materials used for manufacturing export products were resorted to as the main instrument for boosting exports.

At the imperialist stage (especially in the period of the general crisis of capitalism), characterized by the monopolization of commodity markets and the development of capital exports, the states, in addition to customs duties, began applying administrative measures (mainly quantitative regulation of imports and licensing of export-import operations) and credit and financial levers for stimulating exports.

With the enhancement of transnational corporations (TNC) activities in the world economy and the development of intra-firm exchange (of products, technologies, economic information), the stock of administrative trade policy means in the capitalist world greatly expanded, took on a more discriminatory character and lost its former definiteness. Increasingly frequent have become the instances of these means being intertwined with the actions of monopolies which are considered illegal, for instance, such actions as the granting of large subsidies to national exporters, encouragement of entrepreneurs to unite into export cartels, elaboration of cartel type intergovernmental agreements.

In the postwar years, the modification of the means for realizing trade policy has greatly been influenced by the scientific and technological revolution as it tends to deepen the international division of labour, increase the volume of world exchange, renew the assortment of goods, and as a result, rapidly change the balance of forces on the world market and increase the interdependence of national economies. The capitalist countries have begun to shape their multilateral cooperation in trade policy as a system (primarily within the EEC and OECD framework), jointly applying economic instruments encouraging exports (financing or subsidizing shipments of goods through intergovernmental organizations) and administrative measures for restricting imports on a regional or any other group basis

(for example, agreements on the regulation of trade in cotton and other textile goods within GATT). Influenced by the above-said factors the instruments of the Western countries' trade policies will evidently develop in the future, although, most probably, more asymmetrically than in the past due to the growing aggressiveness of competition and the objective need to find compromise solutions for the acute problems existing in the sphere of international exchange.

Among the new factors which will affect the choice of measures for enforcing the trade policy in the 1980s one should mention the worsening of general economic instability, risks and conflicts, the complication of currency relations, the chronic imbalance of commodity flows, and the reduction in the number of solvent national markets in the capitalist world. Describing capitalism at its present stage, Yu. V. Andropov noted in his speech at the June 1983 CPSU Plenary Meeting of the Central Committee: "Imperialism is trapped in a web of internal and interstate antagonisms, upheavals and conflicts. This affects the policies of the capitalist countries deeply, albeit differently."<sup>1</sup> These circumstances, inevitably increasing the rivalry of the monopolies, will tend to spread the trade policy means in the interests of the imperialist powers desirous of using international exchange as a tool of their hegemonism.

In this context special mention should be made of the emergent trend (above all in the USA) to resort to all sorts of sanctions in trade as a means for denying the most-favoured-nation treatment, prohibiting certain imports and exports and impairing the conditions of exchange, so as to influence the home and foreign policy of the trading partner.

The large variety of means the state uses for influencing the development of imports and exports makes it necessary to consider possible changes in this area in the coming years as regards every separate flow of world trade. Special mention should be made of the role of intergovernmental economic organizations in the evolution of the system of trade policy instruments.

*The influence of the capitalist countries' governments on the development of imports* in the 1980s is seen, on the one hand, in the further application of protectionist measures, since the main causes making them necessary have not been eliminated (above all the profound structural crisis and the unprecedented trade war of the monopolies), and, on the other, in the searches for a way of possibly weakening the influence of protectionism on international exchange as a whole.

Engels noted an important regularity in the confrontation of the above two tendencies in capitalist trade policy. Nearly 100 years ago he wrote: "...the worst thing about protectionism is that once it is introduced it is not so easy to get rid of it. However difficult it is to establish equitable tariffs it is immeasurably more difficult to return to free trade."<sup>2</sup> An eloquent recognition of the correctness of these words can be found in the American *Time* journal of May 30, 1983, which wrote that "free trade has become merely an academic abstraction." The current decade is hardly an exception.

In applying protectionist measures the capitalist countries will perhaps make a further switch from economic to administrative measures. Customs tariffs are the main economic instrument. In addition, use is made of various taxes and levies, compensatory and anti-dumping duties, import deposits. The principal administrative measures are: embargoes, quantitative restrictions, licensing, compulsory standards, technical and other demands placed on goods, their packing and marking, priority of home products in state purchases, and what we must not forget the "self-restriction" of shipments by the exporter.

Compared with the economic instruments, the administrative measures, on the one hand, do make it possible in some measure to regulate the TNC international intra-firm shipments, when use is made of understated or overstated transfer prices. These measures, on the other, allow for a more effective restriction to be applied on the import of sophisticated merchandise, for instance, science-intensive machines and equipment, since the competitiveness of these goods depends not only on the level of prices

but also on their qualitative characteristics and novelty. Meanwhile, in the unanimous opinion of Western experts, the importance of intra-firm shipments and equipment and machinery exchange in world trade, which relate to its most dynamic sectors, will tend to grow in the 1980s.

Moreover, the procedure for introducing administrative protectionist measures is simpler than that for applying duties: it is within the competence of executive power and does not, as a rule, require preliminary agreement with other countries. It is also pertinent because the time factor acquires increasing significance in competition. The above-said measures are relatively easy to manipulate in respect to individual partners whose products are especially not desirable on an internal market for economic or political reasons. Thus the application of administrative measures restricts imports more quickly and purposefully.

Among the administrative measures, "self-restrictions" of shipments by exporters or so-called "voluntary" export restrictions will perhaps be applied the widest. These are imposed by the importing country when forcing the supplier's agreement to make absolute cuts in his exports, decrease their annual growth or accept price increases. Outwardly such restrictions look like the result of agreed actions between the partners; in actual fact, however, this type of trade barrier is imposed by the importing country under the threat of more severe measures, i.e., actually in a forced manner.

The following circumstances give every reason to forecast a further spread of "voluntary" export restrictions: a relatively simple mechanism for their establishment, their outward compromise nature as compared with other administrative measures, their veiled character.

It is much more difficult to identify the above-mentioned restrictions, classify them as protectionist and place them under international control than other trade barriers deriving from definite government decisions. Characteristically, during the multilateral talks within the GATT framework the question is never raised of combating these very rapidly prolifer-

ating restrictions, which are much more widespread than those discussed in GATT.

"Voluntary" restrictions are resorted to whenever there are insufficient legal grounds for establishing traditional protectionist barriers, and when the situation changes they are abandoned unilaterally.

The possible extent of the further spread of "voluntary" export restrictions in the capitalist world can be illustrated by the fact that already in the early 1980s such restrictions were imposed on Japan chiefly by the USA and the EEC countries and they affected up to 36 per cent of Japan's exports. Western governments' demands that Tokyo should establish new restrictions of this kind continue to be raised and are met in part. Japan, in turn, along with other capitalist countries, more and more often makes the developing states accept "voluntary" restrictions on their exports.

In connection with the growing campaign in the West against "voluntary" export restrictions in bilateral trade relations creating the danger of commodity shipments being channelled to the markets of third countries, considerable progress may be expected in establishing such restrictions on a multilateral basis. It is quite possible that, using the precedent of prolonging the Textile Agreement within the GATT framework in 1981 (up to mid-1986), the industrial capitalist countries will make every effort to sign new multilateral arrangements, lending "voluntary" export restrictions the status of legitimate practice. That is, in particular, what the programme of "world coordinated protectionism" is aimed at, which President Mitterrand of France formulated at the summit meeting of the Big Seven in Versailles in July 1982.

True, other similar agreements are quite possible when within one group of countries an agreement is reached behind the back of the others. As evidence of this, mention may be made of the agreement between the EEC and Japan signed in February 1983 on Japan "containing" her exports to the EEC ten countries of a series of industrial goods: light lorries, fork-type loaders, motor cycles, radio apparatus, video tape recorders and quartz watches.

Sophistication of industrial products and the toughening of demands on them for considerations of safety engineering, environmental protection,



sanitary and hygienic norms clear the way for the wide application of technical standards and administrative regulations and procedures with the aim of restricting imports. The growing practice of such actions illustrates the accessibility of this method in present-day protectionist trade policy.

For instance, under pretence of combating noise the Anglo-French supersonic airliner Concorde late in the 1970s was prohibited from using the New York international airport for nearly two years, while the exploitation of this aircraft on uneconomical air routes made Great Britain and France sustain big losses (finally this aircraft's manufacture was discontinued). Early in 1982 the Airbus airliner, manufactured by a West European consortium and successfully competing with the Boeing aircraft, was denied the right to use Washington airport for "safety" considerations.<sup>3</sup> As the French press noted, in the USA, 580 organizations are busy solely with setting standards for imported products, while US hygienic regulations are classified as the acme of American protectionism.<sup>4</sup>

The West European countries, too, show an ever greater interest in applying administrative measures in trade, including trade relations between the Common market members. In the early 1980s a series of conflicts arose between them owing to the deliberate hindering by national customs administrations of the goods passage across the frontier: wine and equipment to France, calves to Italy, poultry and eggs to Great Britain, and so on. In October 1982 the French authorities established a highly intricate and protracted customs procedure for clearing imported video tape recorders by concentrating the clearance procedure in a small customs house in the town of Poitiers two months before the Christmas holidays, the period during which two-thirds of annual electronic apparatus sales are made.<sup>5</sup>

In all probability, anti-dumping and quantitative import restrictions will be applied on a relatively wide scale, since their protectionist and discriminatory effect can be achieved faster than by other means. They begin to operate prior to the use of administrative sanctions, at the beginning of the investigation of the

charge of dumping or so-called market "disorganization" or even earlier, as soon as protectionist-minded circles, whose products compete with an imported commodity, apply to the official authorities with a request for such an investigation to be carried out.

As for customs duties as the main economic means of import regulation, they will probably move into the background. A reduction in customs rates is to be expected in accordance with the understanding reached within GATT (Tokyo Round): in 1980-1987 on the whole by nearly one-third, i.e., on industrial goods from 10.6 per cent to 6.5 per cent on average, or to a slightly lesser extent, since the EEC members have reserved the right to suspend this process after a five-year period should the economic situation deteriorate. However, new "disarmament" measures in the area of customs tariffs on a multilateral basis will be hardly probable after 1987. It is not only a question of the difficulty and duration of such talks but also of the EEC members' resistance to any further lowering of duties, for it undermines the principles of the customs union as a prop of economic integration and limits the possibility of using tariff preferences for neocolonialist purposes in relations with a large group of the developing countries in Africa, the Caribbean and the Pacific regions.

It is possible, however, that the capitalist countries' governments in the 1980s will resort, as before, to a considerable rise in duties and also to the establishment of high compensatory and anti-dumping duties on individual commodities in the event of an obvious or apparent weakening of the positions of national companies on the home market. Indicative, for instance, are the 1983 recommendations of the US International Trade Commission to raise duties (from 4.4 per cent to 49.4 per cent) on imported motor cycles with a large cylinder capacity engine, so as to restrict their import from Japan, and establish compensatory duties on quality steel coming from the FRG and France (the new duties were introduced the same year).

The industrial capitalist countries (the EEC members, Japan and some others), which, by de-

cision of UNCTAD in accordance with the Generalized System of Preferences (GSP), grant tariff preferences to the developing nations on a non-reciprocal basis, in 1980 agreed to prolong such preferences for the current decade. Moreover, they expressed the desire to lengthen the list of beneficiary states, increase the number of goods covered by preferences and also preferential rates, and cancel duties on some merchandise. Finally, the tendency to set up regional trade and economic areas, apart from the GSP leads to the cancellation of customs duties in trade between the industrial capitalist countries and their partners in these areas.

At the same time the Western powers, having adopted in the early 1980s the conception of "graduations," which presupposes depriving the developing states of the tariff preferences within the GSP framework as the competitive position of their goods improves, and being guided by political motives, will probably cancel preferences in their trade with some developing states and territories. For instance, the US administration, which sponsored this conception, decided to strike out, in 1982 and 1983, from the list of goods importable duty-free, many articles whose annual volume of imports on the whole amounted to some 15,000 million dollars. These measures tangibly affect exports from Brazil, Mexico and other countries, despite the fact that they owe large sums to US banks and find themselves in extremely serious financial positions.

Thus, despite some expansion the unilateral tariff preferences' sphere of application will on the whole tend to reduce. The latter circumstance will engender and enhance discrimination against the developing nations as regards their access to the markets of capitalist states.

*The assistance of capitalist governments to the expansion of exports* in the 1980s will evidently considerably increase. National monopolies and firms are more and more interested in this state of activity with the present day's rapid growth of productive capacity fostered by the scientific and technical revolution, intensified struggle for world markets, fall-off in solvency of the newly free states burdened with

large foreign debts, and decreased currency earnings of the oil-exporting countries (the developing nations in Asia, Africa and Latin America account for some 30 per cent of exports from the OECD countries, of which US exports make up 40 per cent).

For their part the governments influenced by the forecasted reduction in the rates of economic development and growth of unemployment will strive to force exports. Moreover, the growing proportion of sophisticated products in international trade calls for the expansion of long-term financial and organizational support to national producers, which only the state can provide.

Exports will especially be encouraged by the US government which at the present time, according to American experts, lags behind the FRG, Japan and other countries in this kind of activity. The appropriate long-term programmes were drawn up during Carter's presidency, then they have been extended and the Reagan administration is implementing them.

At the same time the 1980s will perhaps see a tendency towards further regulation of the system of government support for exporters in those sectors of trade where competition between the monopolies threatens to grow into serious interstate conflicts.

The export-encouraging system will also develop asymmetrically approximately like the system of import regulation: the governments will pay more and more attention to administrative rather than economic measures. Administrative measures to promote exports include: direct participation of the government apparatus in signing export contracts, rendering of organizational support to firms in their marketing activity, and provision of various practical services which in the end are conducive to the increase of sales on foreign markets. Economic measures include: financing and insuring of exports, granting of subsidies and tax privileges to exporters, financial "assistance to development" intended not only for neocolonialist purposes but also for promoting national goods on the developing countries' markets.

The uneven development of the means of government support for the expansion of exports is fore-

casted on the following basis. Administrative measures meet the requirements of the objective processes in world trade: outstripping rates of increase in the volume of sophisticated industrial products, progressive international specialization and cooperation in production. Meanwhile, there is a downward tendency in the efficiency of economic means in conditions of the growing role of "non-price" factors in competition and spiralling inflation in the capitalist world. Administrative measures, moreover, are not subject to the regulating norms worked out in recent years from an intergovernmental understanding on economic means. At the same time some economic means provoke counter protectionist measures and governments sign agreements to restrict export financing.

A whole number of administrative measures in large measure correspond to the present-day international division of labour which is more and more oriented on long-time contacts, and to the interests of monopoly capital focused on the stable derivation of high profits through foreign trade channels, thus creating the requisite conditions for promoting these measures in the 1980s. Among them are: intergovernmental cooperation in marketing sophisticated products manufactured on the basis of international cooperation in production (atomic power plants, passenger airliners, large military projects); extension of the network and functions of permanent trade and economic offices at embassies and consulates, and of governmental advertising and marketing agencies. It is noteworthy, for instance, that in the USA the commercial activity of its embassies and consulates in 65 countries in 1980 was transferred from the State Department to the Commerce Department, which allows for a more purposeful and efficient guidance to this activity. Active participation in the elaboration of international standards, expansion of the volume of trade and economic research, improvement of the information system for exporters, and forecasts of world trade development also relate to the above-said group of administrative means encouraging exports. Indicative in this respect is the setting up in France in 1982, under the Ministry of

Foreign Trade, of a Research and Prognostic Centre which has as its task elaboration of the country's medium- and long-term trade strategy.

It is most probable that the development of economic means of export stimulation will be contradictory in character. On the one hand, one may expect approximation of government export credit rates to the rates of private banks, as Washington insists. Within the EEC and other regional trade and economic areas, including the oil-producing developing countries, proposals are being discussed for pooling national financial resources to finance big contracts whose execution requires international production cooperation. The list of government-insured risks will evidently be extended, insurance premiums will increase in line with the growth of instability in the capitalist economy, with the increase in the number of firms going bankrupt and with the amounts paid out by insurance companies.

It is worth noting, for example, that the insurance indemnities paid by the British Export Credits Guarantee Department, a major agency for insuring export risks in the West, in the 1982/83 financial year amounted to 593 million pounds sterling as against 304 million in 1981/82, a nearly 100 per cent increase. The respective payments in Japan in 1982/83 rose by 68 per cent, while insurance rates as of April 1, 1983, were increased by 40 per cent. According to Japanese experts, foreign trade risks will not decrease in the near future, and new increases in these rates are possible.

Financial "assistance to development" will continue to increase owing to economic difficulties, however, most industrial capitalist countries will perhaps increase it insignificantly but will stiffen the terms of granting money credits, distributing them between the recipient states in a strictly differentiated manner, suiting their imperialist aims. In view of the enormous indebtedness of the developing nations, even the USA, which in 1981 began to cut these allocations, is now reconsidering its stand, probably taking into account the great dependence of American exports on the paying capacity of these nations.

Moreover, the current decade will perhaps witness new initiatives reducing some of the economic means

encouraging exports. The governments, in particular, show a desire to regulate long-term credit policy.

It is difficult to forecast the amounts of export subsidies which, in the view of GATT experts, is the most serious problem in world trade after protectionism. The most subsidized group of commodities are food products, and in the area of their shipments a new round of confrontation has begun between the major rivals on the world market. The USA has launched an active struggle against EEC subsidized exports, using for the purpose the same weapon: sales of subsidy-cheapened products in several developing states which previously purchased them from the EEC countries. The outcome of this round is so far unpredictable. Western experts believe that while incurring great expenses in this combat, the USA has sufficient financial resources to win it, therefore a compromise is possible on the basis of mutual cuts in the subsidies.

The leading capitalist countries in the 1980s will devote much more attention than before to the *employment of intergovernmental organizations* for adapting the complex system of trade and political means to the interests of monopolies (and at the same time to undermine the movement for a progressive restructuring of international economic relations). They are compelled to do this not only by the growing interdependence of national economies and the crisis upheavals in many sectors of the capitalist economy but also by the increasing arbitrariness in applying protectionist measures and by the conflicts in international trade, made ever more acute by this arbitrariness.

No less important is the fact that in the world trade practices of the present transitional period fundamentally new, socialist instruments ensuring the steady expansion of mutually advantageous and equitable ties have come into being: long-term trade and economic agreements and programmes of economic cooperation in specific fields of trade, industry, science and technology spreading over two or three five-year periods; agreements on assistance to interested countries in organizing and improving the planning of their economic development and so on. Simulta-

neously there is an upsurge of the socialist and developing countries' joint struggle against the various forms of *diktat* on the world market, which is clearly evidenced, for instance, by the adoption in 1983 by a majority of votes at the 6th UNCTAD session of a resolution repudiating compulsory economic measures, and at the 38th session of the UN General Assembly of a resolution emphasizing that the threat to use or direct use of trade sanctions, blockades, embargoes and other discriminatory economic measures is incompatible with the UN Charter. All this, too, cannot but weaken the system of imperialist trade policy.

The activity of intergovernmental organizations, mostly GATT, OECD and IMF, will apparently be concentrated on attempts to settle the ever more frequent trade disputes between rivals and regulate trade (with emphasis on the market mechanism), coordinate each nation's trade policy measures and thus counteract the growth of protectionism, and coordinate steps being taken in the area of trade with the developing and socialist states. It is possible that new organizations will be set up to deal with individual regions or spheres of external economic ties. Japan, for instance, has put forward a proposal on forming an organization to deal with economic cooperation and development in the Pacific region on the model of OECD that would coordinate the trade policies of several industrial capitalist and developing countries in this area.

Special hopes are set on GATT. Direct references to GATT have recently been made more and more often in intergovernmental materials on external economic questions, while the documents worked out as a result of the Tokyo Round are viewed as an initial position for a further changing of international trade regulations. The capitalist countries will most probably endeavour to work out their joint trade policy measures within the GATT framework, using to this end their experience and situations favourable to them, in particular, the possibility of resolving the most important problems within a narrow circle of participants, dissociation of the developing states and restricted representation of the socialist countries.



Since 1980 the activity of the new bodies set up under the GATT Secretariat to supervise the implementation of the agreements signed has been invigorated. The 36th session held in November of the same year approved an action programme for the current decade, providing not only for the execution of these agreements but also the elaboration of new proposals for regulating international exchange.

It is primarily the United States (which still plays a greater role in several US-initiated economic organizations than in world trade) that is striving to make fuller use of intergovernmental organizations to its own ends. Noting Washington's heightened interest, say, in GATT, Western observers write that "in GATT the USA is the principal driving force determining its priority tasks and, maybe its policy which in large measure controls its guiding apparatus."<sup>6</sup> With the aid of such organizations the USA will probably continue to make every effort to minimize restrictions in those sectors of trade where it is firmly entrenched, for instance, on the markets for air-space equipment, agricultural products and services.

Special mention should be made of the intensified activity of the US representatives in OECD, NATO and COCOM for elaborating a universal system of collective restrictions in West-East trade. A new feature of this activity is seen in Washington's desire to prevent the export of technology to the socialist countries by the imposition of strict bans and sanctions, to extend COCOM's functions and its administrative apparatus and to tie it closer to NATO. Difficult talks have been started in COCOM between the USA and other capitalist countries which are not willing unconditionally to follow in the wake of American policy because many of their firms are interested in obtaining the socialist countries' technology. The outcome of these talks may complicate but not prevent the exchange of technology between East and West.

With rivalry between monopolies and nationalism in capitalist trade policy on the upgrade, the activity of intergovernmental economic organizations in the

1980s will hardly produce any tangible effect. The efficiency of GATT in the postwar period, for instance, has in large measure depended on the common interests of the USA and the EEC members. However, the great difference in the aspirations of national monopoly capital more and more often pulls them apart. Moreover, the ever stronger position of Japan on the world market enables her to lay claim to a greater role in GATT, which will no doubt affect the overall alignment of major forces and, apparently, make the search for mutually acceptable compromise more difficult. The developing countries have now, to uphold their interests, taken a more resolute stand in GATT. Characteristically, the 38th session held in November 1982 at ministerial level failed to reach an understanding which would provide for the member-countries' concrete commitments to expand trade.

At the same time the growing experience of capitalist countries in organizing cooperation in economic agencies cannot be underestimated. Possibly, this experience will be expressed in new forms and more skilful tactics of their joint actions.

The use of intergovernmental organizations to further the trade policy interests of the Western countries is not confined solely to the elaboration of concrete measures. Also of importance is the fact that a wider range of questions under discussion in one or another organization confirms the latter's priority to consider them, thus preventing other, more representative and democratic organizations, such as UNCTAD for instance, from dealing with similar questions. And that will apparently be one of the functions of GATT, OECD and IMF: stop other organizations from taking decisions on the urgent problems of restructuring present international trade, which are decisions of importance to the majority of its participants.

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A general analysis of the development of means for implementing the capitalist countries' trade policies in the 1980s allows a better assessment to be made of the most probable changes occurring in these means as regards their trade with socialist countries and of the Western powers' stand in respect to intergovernmental economic organizations.

The trade policy situation in the West concerning cooperation with the socialist countries in the current decade on the whole seems to be more contradictory, unstable and perhaps less favourable than in the preceding decade. The major factors forming this situation will be: growing protectionism and the development of its most discriminatory instruments, the increasing desire to restructure the regulation of international exchange in accordance with the changing requirements of monopoly capital and jointly apply trade policy means in conformity with external economic considerations.

At the same time the serious differences of opinion between the USA and other capitalist countries on East-West relations, which came to light at the beginning of the decade, will apparently be further manifested in the more differentiated application of trade policy means. One may expect that in conditions of growing unemployment, increasing rivalry between monopolies and dissatisfaction among many governments with the hegemonistic policy line of the USA administration, the trend to normalize trade with the socialist states will make some progress in the European region, especially in countries outside NATO and COCOM.

The 1980s will apparently witness marked intensification of the activity of most countries in the world for defending the equitable norms and rules of international exchange, their further extension and improvement in the interests of all. For this reason particularly topical have become the questions of the USSR and the other socialist countries' participation in the multilateral regulation of trade on a genuinely democratic basis and further extension of their cooperation with the developing nations, not only to intensify the anti-imperialist struggle on the world market but also to firmly establish forms of interstate economic intercourse which guarantee the trading partners long-term mutually advantageous contacts. The success of this activity will largely depend on the extent to which the universal and regional intergovernmental organizations will use their possibilities for implementing a wide complex of measures conducive to a progressive restructuring of international economic relations.

<sup>1</sup> *Kommunist*, Moscow, 1983, No. 9, p. 15.

<sup>2</sup> K. Marx and F. Engels, *Werke*, Band 21, Dietz Verlag, Berlin, 1973, S. 367.

<sup>3</sup> The share of the Airbus Industry concern in shipments of commercial aircraft to industrial capitalist and developing states in 1980 and 1981 rose from 20 to 42 per cent, while that of the Boeing Corporation declined from 67 to 51 per cent.

<sup>4</sup> *Le monde diplomatique*, février 1982.

<sup>5</sup> According to the American *Fortune* magazine of March 7, 1983, in a two-week period two customs officers passed only 20,000 video tape recorders, while the remaining 150,000 packed all the warehousing premises, and about 6 months would be needed to formalize their entry. As a result, Japan, the major exporter of videotape recorders, ceased their shipments to France.

<sup>6</sup> *Le monde diplomatique*, février 1982.

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GENERAL

UN SEMINAR ON AFRICAN AGRICULTURE HELD IN TASHKENT

Tashkent EKONOMIKA I ZHIZN' in Russian No 1, Jan-84 (signed to press 18 Jan 84) p 76

[Article: "Seminar of UN Economic Commission in Tashkent"]

[Text:] Humanity today has entered a phase of its development in which the problems of food and improving the supply of agricultural raw materials to industry are acquiring increasing urgency in all countries of the world. Every state solves them in its own way, depending on its requirements, concrete conditions and actual capabilities. The study of this experience and exchange of opinion is of great international importance, because all of Earth's inhabitants should be united by a single, common earthly concern--man-kind's well-being and its provision with healthy and nutritious food.

Recently the United Nations Economic Commission for Africa held a seminar in Tashkent titled "The Population's Participation in a Program for the Development of Agriculture." Representatives of 28 African countries, as well as representatives of the FAO international food and agriculture organization and the UN Research Institute for Social Development, took part in it.

Why was Uzbekistan chosen as the site for the seminar? Because the natural and climatic conditions of Uzbekistan and those of the African countries are in many respects similar. Therefore, our guests showed great interest in the history of the development of agriculture in the republic, a history concentrated in the 60 years of Soviet Uzbekistan. It is the history of the consistent implementation of Leninist agrarian policy: from small and impoverished peasant farms where the basic implements of production were the omach and ketmen' to a republic of large-scale, highly mechanized agriculture. This experience is connected with the collectivization and intensification of agricultural production, the development of national cadres, the construction of modern irrigation systems, and a powerful offensive against the lifeless desert.

Specialists from the African countries learned much that was new and interesting to them from the papers delivered at the seminary. Kh. Dzalilov, UzSSR first deputy minister of agriculture; M. Nariyants, chief of UzSSR Gosplan's Agriculture Department; Doctor of Economics A. Tsamutali, a corresponding member of the All-Union Academy of Agricultural Sciences; Prof E. Shaykhov,

rector of the Tashkent Agricultural Institute; V. Dvorkin, deputy chief of UzSSR Gosplan's Department of Culture and Education; R. Sayfullin, first deputy chairman of the UzSSR Central Statistical Administration, and others spoke.

The Africans also shared their experience regarding the population's participation in the development of agriculture.

Participants in the seminar acquainted themselves with the practical experience of conducting agriculture in the Uzbek SSR by visiting the Politotdel Collective Farm, the Chinaz State Farm, the Tashkent Oblast Agro-Industrial Association imeni U. Yusupov, and a number of farms in Bukhara and Samarkand oblasts.

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GENERAL

EVENING TRAINING OF ECONOMISTS BY ACADEMY OF FOREIGN TRADE

Moscow VNESHNYAYA TORGOVLYA in Russian No 3, Mar 84 p 19

[Article by Prof G. Khokhlov, dean of the Evening Division for Foreign-Trade Economists of the All-Union Academy of Foreign Trade: "The Evening Division for Foreign-Trade Economists of the All-Union Academy of Foreign Trade Is 20 Years Old"]

[Text:] The steady growth in the USSR's economy and its active involvement in the international division of labor have demanded an expansion and improvement of the training of specialists in the All-Union Academy of Foreign Trade. In 1963, in addition to the academy's existing Day Division for Foreign-Trade Economists, an evening division of the same sort was opened and charged with training highly qualified specialists in the area of foreign trade.

Over the period 1963-1983 more than 1,500 staff members of the Ministry of Foreign Trade, the State Committee for Foreign Economic Relations and other ministries and departments graduated from the division and were granted the certification of "Economist in International Economic Relations with Knowledge of a Foreign Language."

Proceeding on the basis of the decisions of the 26th CPSU Congress and the CPSU Central Committee's November (1982) and June (1983) plenums, and taking into account the tasks of further developing the higher school and improving the quality of the training of specialists in the evening division, the forms of instruction are constantly being improved. New subjects are being introduced into the curriculum, up-to-date forms are being developed for students' specialization in the division's principal subjects, new methods of teaching foreign languages are being used, and with reference to the specific features of training practical workers during the evening hours, wide use is being made of technical instructional devices, and computer-based business games are being introduced.

In order to raise students' ideological level, in addition to such social and political subjects as "Marxism-Leninist Philosophy," "Scientific Communism" and "Political Economy," since 1980 a course has been taught on "Basic Questions of the USSR's Foreign Policy," and starting in 1984 a course is being taught on "Foreign-Policy Counterpropaganda."

The existing curriculum also provides for the study of such new special subjects as "Problems of the Economy of the Developed Capitalist Countries," "Problems of the Economy of the USSR and Other Socialist Countries," and "International Economic Relations of the Capitalist Countries," which are taught using a problem-oriented approach.

In order to enhance students' professional training with a view to the specific characteristics of people who attend the evening division, wide use is being made of independent work by students in the subjects that they are studying; this work is monitored in seminars and practice sessions that are conducted on the basis of instructional studies employing current materials from the foreign-trade associations.

As a result of the improvement of the educational process and the enrichment of its theoretical and practical content, the quality of students' diploma work has significantly improved. Their works, as a rule, analyze important current problems in foreign trade and other forms of the USSR's foreign-economic activities (the expansion of exports of the Soviet machinery industry's products, improvement of the effectiveness of the USSR's foreign-economic relations with the socialist, developed capitalist and developing countries, the participation of Soviet foreign-trade organizations in implementing the USSR Food Program, the improvement of the USSR's economic and scientific-technical cooperation with the other socialist countries, the strengthening and development of economic accountability in foreign trade, etc.).

The evening division's graduates are working successfully in various sectors of foreign-economic relations both in our country and abroad.

The division employs highly qualified instructors, including some with extensive practical experience, who ensure the high quality of the instructional and educational process. In particular, lecture courses are taught by people who are well-known for their research work in the field of international economic relations: Doctors of Economics F. M. Levshin, V. I. Zolotarev and E. P. Pletnev, professors; Doctor of Legal Sciences Yu. I. Svyadosts; Profs G. Ye. Koftov, B. F. Korndorf and G. M. Tuchkin, and others.

At present, in order to improve the training of specialists in the evening division, a curriculum revision is under way that is aimed at further intensifying the instructional and educational process, improving the forms and methods of instruction with a greater view to the students' general-education and foreign-trade training.

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